



Daily Report

Latin America

FBIS-LAT-95-111
Friday
9 June 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

Latin America

FBIS-LAT-95-111

CONTENTS

9 June 1995

CARIBBEAN

Cuba

Foreign Ministry Denies Promoting OAS Discussion on Cuba [PRENSA LATINA]	1
Ministers at OAS Meeting Favor Future Reincorporation [Havana Radio]	1
Domestic Radio Carries Alfonso Remarks on OAS [Havana Radio]	1
Spokesman Comments on Rights Groups, Reentry Into OAS [Havana Radio]	2
Jurists Criticize U.S. Occupation of Guantanamo [PRENSA LATINA]	3
Illegality of Guantanamo Base Debated [Havana TV]	3
Conference Participants Visit Border [Havana Radio]	6
Conference Declaration Approved [Havana Radio]	6
ECLA Releases Report on Cuban Economy, Notes GDP Growth [PRENSA LATINA]	7
Figueras' Book on National Economy To Be Published [Havana Radio]	7
Minfar Signs Agreement With Spanish Defense Ministry [Havana TV]	8
Fidel Castro Chairs Military Ceremony With Spain [Havana Radio]	8
Public Audience on Electoral System 12 Jun [Havana Radio]	8

Inter-Caribbean Affairs

Foreign Minister Supports Haiti, Gaviria Notes on Cuba [Nassau Radio]	8
Editorial on OAS Election, Cuba's Position, U.S. Role [CANAL]	9

Haiti

Correction to Aristide Addresses OAS General Assembly	10
---	----

MEXICO

Government, EZLN Resume Peace Negotiations [Mexico City TV]	11
EZLN Replies to Government Proposal for Detente [NOTIMEX]	12
EZLN Approves Redeployment in Government-Proposed Corridors [Mexico City Radio]	13
More on EZLN Response to Government Proposal [NOTIMEX]	14
Article Assesses Development Plan Economics [PROCESO 5 Jun]	15
Ortiz: GDP To Decline 4-5% in Second Quarter [Mexico City Radio]	17
PRI Secretary General Discusses Political Reform [EL FINANCIERO 5 Jun]	17

CENTRAL AMERICA

Guatemala

Bomb Explodes at Rios Montt's Residence [Guatemala City TV]	20
Three Bombs Explode in Capital on Eve of Zedillo Visit [ACAN]	20
President Condemns Attacks, Views Zedillo Visit [Guatemala City TV]	20
Rios Montt: Officers Behind Attack [Guatemala City TV]	21
Former Rebel Implicates 9 Military Members in Bamaca Case [SIGLO VEINTIUNO 7 Jun] ..	21
Implicated Officers Question Prosecutor's Competence [Guatemala City TV]	22
Prosecutor Has 'New Elements' To Solve Bamaca Case [ACAN]	22
Defense Minister Denies Existence of Clandestine Jails [Guatemala City TV]	23

Nicaragua

Sandinist Faction Condemns Helms Bill Restrictions [BARRICADA 7 Jun]	23
Panama	
Col. Hugo Chavez: Venezuelan Coup Being Prepared [ACAN]	24
SOUTH AMERICA	
Argentina	
Cavallo: 'Absolute Minority' Said Seeking His Dismissal [NOTICIAS ARGENTINAS]	25
Economy Minister Denies Nonpayment of External Commitments [TELAM]	25
Foreign Minister Comments on Falklands, Oil Talks With UK [NOTICIAS ARGENTINAS]	25
Brazil	
Senate Approves Gustavo Loyola Central Bank President [Brasilia Radio]	26
Commentary Views Reasons for Arida's Resignation From BC [FOLHA DE SAO PAULO 2 Jun]	26
Commentary Views PSDB's Role Regarding Reforms [FOLHA DE SAO PAULO 2 Jun]	27
Article Views Efforts To Revive Nuclear Program [O ESTADO DE SAO PAULO 4 Jun]	28
Funds Given to IPEN To Strengthen Security System [AGENCIA ESTADO]	29
Analyst Views 'Nuclear Explosive Artifacts' [O ESTADO DE SAO PAULO 5 Jun]	30
Chile	
Banco de Chile Branch in Santiago Bombed [Madrid EFE]	32
Supreme Court Reduces Sentences for Contreras, Espinoza [Santiago TV]	32
Commentary: Ruling Step Toward Reconciliation [LA TERCERA DE LA HORA 2 Jun]	33
Supreme Court Rejects Appeal Presented by Gen. Contreras [EL MERCURIO 8 Jun]	33
Senators Dismiss Idea of 'Law of Expiration' [EL MERCURIO 2 Jun]	33
Editorial Favors Cuba's Reinstatement as OAS Member [LA NACION 7 Jun]	35
Survey Shows Slight Income Improvement [EL MERCURIO 4 May]	36
Problems With AFP Membership Described [LA NACION 7 May]	37
Water Privatization Views Outlined [EL MERCURIO 10 May]	38
Colombia	
Samper Reacts To U.S. Congress Measure on Drug Trafficking [NOTIMEX]	40
Ecuador	
President Unilaterally Reopens Border With Peru [Quito Radio]	40
Police Close Border; Explanation Sought [Quito Radio]	40
No Agreement Reached With Peru on Demilitarized Areas [Quito Radio]	41
President Swears In New Communications Secretary [Quito Radio]	41
Paraguay	
Foreign Minister: Inclusion on U.S. Black List 'Unfair' [NOTICIAS 7 Jun]	41
Peru	
Ecuadoran Border 'Not Reopened' to Commercial Trade [Lima Radio]	42
Fujimori Considers Country's Democracy 'Unique' [Madrid EFE]	43
Venezuela	
Justice, Defense Ministers Comment on DEA Report [EL GLOBO 8 Jun]	43

Cuba

Foreign Ministry Denies Promoting OAS Discussion on Cuba

PA0806190395 Havana PRENSA LATINA in Spanish
1743 GMT 8 Jun 95

[FBIS Translated Text] Havana, 8 Jun (PL) — Cuba stated today that it did not promote the OAS debate with respect to its plausible reincorporation to this organization and reiterated its rejection of any preconditions for its return.

Cuban Foreign Ministry Spokesman Miguel Alfonso stated during a news conference in Havana that his country traditionally refuses to accept preconditions prior to making any decision.

He added that preconditions insult our sovereignty, and it is well known that safeguarding this principle has always been one of Cuba's main characteristics

Alfonso explained that returning to the OAS does not constitute one of Cuba's main priorities, and the country is somewhat surprised by the current debate surrounding the issue. He did acknowledge, however, that some countries may be interested in ending an anomaly that was created by those who illegally expelled the Caribbean nation from the inter-American system.

The spokesman specifically highlighted the positions adopted by Brazil, Mexico, Bolivia, and others during the OAS meeting when they supported Cuba's unconditional return.

In another part of the news conference, Alfonso announced that the foreign minister of Sao Tome and Principe would be arriving on an official visit on Sunday. He also announced that former Uruguayan Foreign Minister Sergio Abreu and Iran's vice minister of foreign affairs are scheduled to visit next week.

A South African Government delegation headed by the deputy director of investment development will be arriving on 14 June to meet with local authorities.

Asked about the possibility of another visit by a France Liberte delegation, Alfonso confirmed that the Cuban Foreign Ministry is aware of that intention and that such a visit could take place as part of the close relations with that French nongovernmental organization.

Ministers at OAS Meeting Favor Future Reincorporation

PA0706201795 Havana Radio Havana Cuba
in Spanish 0000 GMT 7 Jun 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The representatives from Canada, Chile, and Mexico at the 25th OAS General Assembly in Montrouis, Haiti have expressed they favor Cuba's future reincorporation to the inter-American system.

Canadian Minister Christine Stewart said that maintaining a dialogue with the Cuban people and government could encourage political and economic advancement currently taking place in the island. Mexican Foreign Minister Jose Angel Gurria also agreed with the Canadian minister. Gurria believes it is essential to reincorporate Cuba to the OAS.

Meanwhile, Bolivian Foreign Minister Antonio Arambar said Cuba's absence deprives the OAS of the invaluable participation of Jose Marti's homeland.

A spokesman for the Brazilian Foreign Ministry said that Brazil sees it necessary to intensify a dialogue with Cuba to create conditions that would end Cuba's isolation. He added this point of view will be expressed by Foreign Ministry Secretary General Santiago do Rego Barros at the OAS meeting.

OAS Secretary General Cesar Gaviria stressed last Tuesday that the solution to the Cuban issue should be achieved through negotiations and emphasized the need to reincorporate Cuba to the OAS.

Alexander Watson, who is the U.S. representative to the OAS General Assembly, noted that the Cuban issue is one of hemispheric concern, but conditioned Cuba's readmission to the OAS to what he described as an economic and democratic liberalization of the island.

Domestic Radio Carries Alfonso Remarks on OAS

FL0906132795 Havana Radio Progreso Network
in Spanish 1100 GMT 9 Jun 95

[Report by Esperanza Hernandez; from the "First Thing" program]

[FBIS Translated Text] Cuba will not accept any type of condition for reentry into the OAS. Cuban Foreign Ministry spokesman Miguel Alfonso addressed the issue

in his weekly press conference.

[Begin Alfonso recording] These discussions and considerations regarding Cuba and its possible reentry into the OAS are not a Cuban initiative. Cuba did not promote this. Cuba has never expressed interest in reentering the OAS. There are many Latin American countries, as part of their general philosophy, that are interested in putting an end to the incongruous anomaly regarding Cuba, and they want to see whether Cuba, within the framework of the inter-American system, can rejoin the so-called inter-American system.

A second issue, as was clearly expressed by Foreign Minister Robaina, is that Cuba, not only in terms of the possibility of reentering the OAS at some time in the future, but also in terms of any type of negotiations or decisions on this issue, will not accept any conditions. We will not be told: For such a thing to happen, you have to do this or that thing. We do not accept this, because this would tarnish the country's sovereignty, and, if there is one thing that has characterized the Cuban revolution, it is its strong defense of our national sovereignty.

Cuba's position is clear. We did not encourage this initiative. It is not a priority. The debate somewhat surprised us. Cuba was not present at the debate. We already said this at the time of the Miami summit. However, what is evident is that there is an interest in the Cuban issue — interest in a situation that was artificially created by those who illegally expelled Cuba from the inter-American system in 1962 — and this is now being discussed by them. This is basically an internal issue. I state again: Cuba has not expressed an interest, Cuba will not accept conditions; this is a problem of an anomaly that reflects the position of some foreign ministers. The Mexican, Brazilian, and Bolivian foreign ministers, among others, have not advanced any type of conditions; others, however, have placed conditions on the reintegration of Cuba. This is the Cuban Government's position. [end recording]

Spokesman Comments on Rights Groups, Reentry Into OAS

PA0906042395 Havana Radio Havana Cuba
in Spanish 0000 GMT 9 Jun 95

[Report by Barbara Betancourt from the "Evening Information Review" newscast]

[FBIS Translated Text] In his regular weekly news conference, Cuban Foreign Ministry spokesman Miguel Alfonso reported that the national preparatory commission for the second The Nation and the Emigrants Conference, which is slated to be held in Havana in November, will soon be installed. The commission, which includes

representatives from several government institutions and nongovernment organizations, will prepare items such as the guest list, the agenda, and do on.

On another issue, Alfonso confirmed that the France Libertes organization is interested in sending a new mission to the island.

[Begin recording] [Alfonso] Yes, they have expressed their interest in returning to Cuba, and I find this to be completely reasonable and logical within the general framework of the process of strengthening our cooperation with this French organization. Our relations with this group have not just begun; they have existed for some time. We know they want to return to Cuba. They have said so, and this is being reviewed.

[Unidentified reporter] [Words indistinct] visits from other independent human rights groups?

[Alfonso] I do not doubt that, just as has happened in the past and has happened recently, there will be visits in the future by, as you call them, independent organizations. Therefore, I would not be surprised by or deny the possibility that France Libertes or other nongovernment human rights organizations will visit Cuba again, just as they have done in the past and continue to do [word indistinct]. [end recording]

Answering another question, Alfonso reiterated Cuba's position regarding the OAS.

[Begin Alfonso recording] These discussions and considerations regarding Cuba and its possible reentry into the OAS are not a Cuban initiative. Cuba did not promote this. Cuba has never expressed interest in reentering the OAS. There are many Latin American countries, as part of their general philosophy, which are interested in putting an end to the incongruous anomaly regarding Cuba, and they want to see whether Cuba, within the framework of the inter-American system, can rejoin the so-called inter-American system.

A second issue, as was clearly expressed by Foreign Minister Robaina, is that Cuba, not only in terms of the possibility of reentering the OAS at some time in the future, but also in terms of any type of negotiations or decisions on this issue, will not accept any conditions. We will not be told: For such a thing to happen, you have to do this or that thing. We do not accept this, because this would tarnish the country's sovereignty, and, if there is one thing that has characterized the Cuban revolution, it is its strong defense of our national sovereignty.

Cuba's position is clear. We did not encourage this initiative. It is not a priority. The debate somewhat surprised us. Cuba was not present at the debate. We

already said this at the time of the Miami summit. However, what is evident is that there is an interest in the Cuban issue — interest in a situation that was artificially created by those who illegally expelled Cuba from the inter-American system in 1962 — and this is now being discussed by them. This is basically an internal issue. [end recording]

Last, Alfonso announced upcoming visits by the Sao Tome and Principe foreign minister, Ukrainian economy minister, Iranian deputy foreign minister, and former Uruguayan foreign minister.

Jurists Criticize U.S. Occupation of Guantanamo

PA0806204295 Havana PRENSA LATINA in Spanish
0002 GMT 7 Jun 95

[FBIS Translated Text] Guantanamo, Cuba, 6 Jun (PL) — Today, Cuban jurists charged here that the presence of a U.S. Naval Base in the south region of the eastern province of Guantanamo is, from a political point of view, arrogant; from a military viewpoint, obsolete; and legally speaking, a monstrosity.

Approximately 200 jurists condemned what they called Washington's meddling policy and U.S. plans to further tighten the economic, financial, and commercial blockade against Cuba.

While inaugurating the "First Scientific Conference on the Illegality of the Guantanamo Naval Base," Ricardo Alarcon, president of the Cuban Congress, explained details of the Helms-Burton bill circulating now in the U.S. Congress, a bill aimed at tightening the siege around Cuba.

Alarcon said that Jesse Helms and Dan Burton are trying now, like Senator Orville H. Platt tried at the beginning of the century, to impose "the old imperial dream" of extending the U.S. borders all the way to the island, only that this time, he cautioned, it would be in a more brutal way.

Miguel D'Stefano and Olga Miranda, president and vice president, respectively, of the Cuban Society of International Law, today delivered magisterial lectures. They retraced the historic context of Cuban-U.S. relations.

D'Stefano made a detailed analysis of U.S. interventionism in Central America, the Caribbean, South America, and Cuba, a policy that in his opinion is an offspring of the Monroe Doctrine that has been implemented since the beginning of last century.

D'Stefano mentioned countries like Haiti, Dominican Republic, Nicaragua, Guatemala, Grenada, Mexico, Puerto Rico, Venezuela, and Islas Malvinas (Argentina),

countries where U.S. troops have either intervened or backed intervening European countries.

Miranda valued as positive the recent migration agreement between Havana and Washington after more than three decades of U.S. manipulation and politicalization of this aspect of the bilateral relations.

Miranda spoke of the moments of crisis in the migration aspect because of U.S. encouragement to illegal departures from Cuba, moments that were followed by negotiations processes to normalize this kind of ties.

The Cuban jurists will meet tomorrow in two working commissions that will discuss legal tools for demonstrating the illegality of the military enclave in Guantanamo, the tension it has created between the two countries, and the threats to regional security and stability.

Illegality of Guantanamo Base Debated

FL0906012995 Havana Cuba Vision Network
in Spanish 0110 GMT 7 Jun 95

["Open Agenda" program with host Antonio Resillez and guest Olga Miranda, in Guantanamo — live]

[FBIS Translated Text] [Program begins with recorded segment of an unidentified speaker pointing to a map of Guantanamo Bay as he describes the general location of the naval base's facilities] [Begin recording] [Unidentified speaker, off camera] [passage indistinct] ...these areas colored dark at both points of the mouth of the bay. The territory occupied by them, including the water, is 110 square km. In order for a ship to access our part, in other words [words indistinct] where we are right now, it is necessary to [words indistinct] and navigate through the bay.

Among the world's pocket bays, Guantanamo, because of its size, is the third best in the world. The first is Hudson Bay, Canada. The second, also in Cuba, is the Bay of Nipe; and the third is the Bay of Guantanamo, which in terms of size [words indistinct] so as to give the viewers a more general idea of the characteristics of the bay. The importance of pocket bays is that they are generally protected from winds and are good for conducting port operations in general, and in most cases, are also very deep. In our case, unfortunately, the U.S. Naval Base occupies the deepest part.

Their military facilities are located in this area, which is Corinaso Cove, where their main port facilities are located, facilities for supplying and maintaining the warships. On the shoreline of the interior portion of the port, which is the western part of the bay, they have their main airport, a very large airport that can accommodate wide-body airplanes. Other military installations are also

located along the eastern coast. In other words, the main naval facilities are on this side, and the airport facilities are over here. [passage indistinct]

[Resillez, off camera] Is that an American plane? [Video shows airplane flying far in the distance]

[Unidentified speaker] That's right; that is an American plane conducting a training flight. You can see the airport on the western tip of their main naval air facility. [Words indistinct] air facilities required by an airport of that type and generally used by all types of planes. [end recording]

[Resillez] Good evening. This is Open Agenda, broadcasting live from Guantanamo as we announced to our viewers last week. I should add that approximately [words indistinct] I should add that just about one hour ago on the television newscast, we saw a report on the opening session of the international conference on the illegality of the U.S. Guantanamo Naval Base on Cuban territory.

During these 27 minutes, we are not going to [words indistinct], but provide additional information of a more technical nature on the illegality of the base, and the mechanisms by which the Cuban people assert the illegality of the Guantanamo Naval Base.

Before we begin our dialogue with one of the comrades, one of the more than 200 specialists — the majority are Cuban, but there are some experts from abroad as well — participating in the event, and listen to her assessment of today's events, I must say one of the most authoritative voices on this issue is Dr. Olga Miranda, vice president of the Cuban International Law Society, and as you all know, also a standing member of the Cuban delegation to the immigration talks with the United States, someone who — I repeat — is very well versed on this issue.

However, before introducing our guest, I would like to point to some merely historic coincidences: On 6 June, 1898, Admiral Simpson, who was in command of part of the large U.S. naval contingent that intervened in Cuba toward the end of the Necessary War of 1895, attacked the Guantanamo fortifications on this day. Also in June, a battalion of U.S. Marines, under the command of [words indistinct], landed in Punta Arenas, which is today within the territory occupied by the Americans, as stated by the port pilot at the beginning of the program.

Dr. Miranda [words indistinct] somewhat the information [words indistinct] so-called return to the Panamanian people in the year 2,000. How does it [words indistinct] a similar situation regarding the [words indistinct] is it so or not, and why not?

[Miranda] Yes, the base treaty of 1903, let's call it a treaty so as to give this document some type of a name, establishes that the United States leases a segment of land and water — in this case, Guantanamo — for as long as it needs it. You might remember that there was also a base in Bahia Honda. The document states very clearly: As long as is needed. The treaty does not contain any type of termination clause; it simply reads: As long as is needed. The 1934 Treaty, which ratified the naval base, establishes that they would keep it for as long as they continue to occupy it. In other words, it repeats the same idea: It is up to them to decide whether it is needed or if they should leave it, or when a new treaty will be signed. Therefore, in both the 1903 treaty and 1934 treaty, which is as valid as the first one, there are no deadlines. It is simply a unilateral decision. Everything that has been said about 99 years is based on figures not contained in the accord. That is the case perhaps in other countries, but not with these treaties.

[Resillez] Therefore, there is no specific deadline set for a probable [words indistinct] is not contained in them?

[Miranda] There is no set date. I repeat, the decision is in the hands of the United States. [passage indistinct].

[Resillez] In terms of international law, I would say that [passage indistinct] is the base in the Platt Amendment article. Therefore, the treaties include every violation because our people were subjected to intimidation, violence, coercion, threats, and use of force in all its forms. [Words indistinct] if the bases were not given to them, if their intervention was not included in the Platt Amendment. Therefore, there is truly no legal ground to justify the occupation.

[Words indistinct] also in June, but in this case in the year [passage indistinct] approved, giving them definite [words indistinct] of this territory. I believe this also happened in June, but 94 years ago.

Regarding the conference taking place in Guantanamo to broach these legal issues, several addresses were read today. You gave an address today. [passage indistinct]

[Miranda] [Words indistinct], roundtables and debates, in-depth debates, and I believe that there is still a great lack of knowledge on the problem of Guantanamo, which is actually a very complex issue. There is not only [words indistinct], but everything represented by that presence, unacceptable to our people in that portion of our territory in Guantanamo Province. Much was discussed today and many things were clarified. There were many addresses which help understand the entire historical, political, and judicial aspects involved in the case of Guantanamo.

[Resillez] That is very interesting. Now, there are certain situations that have piqued our interest to attend this conference. There is obviously a group of foreign lawyers, specialists, and researchers participating in the event. Of the conversations we held with them, we have selected several, to bring the opinions of these figures participating in the international conference to our viewers.

[Begin recording] [Kamaico Yamaoica, International Relations, Japan; identified by caption] [In Spanish] The conference on Guantanamo is in my opinion a very important example of historic and current relations between the United States and Cuba.

[Manuel Medrano Basquez, Dominican Branch of the American Lawyers Association; identified by caption] None of the principles of international law sanction any state imposing conditions of slavery on another, but rather, endorse respect, mutual accord, and peaceful solutions to problems among states. This is the cornerstone of the UN Charter.

[Raphael Conspant, from Martinique; identified by caption] [In French, with passage-by-passage translation into Spanish] Like all foreign bases [words indistinct] against freedom. Secondly, in judicial terms, it is important to show internationally that the Guantanamo Naval Base is illegal. [end recording]

[Resillez] I was reading some of the questions telephoned in by our viewers and I will respond to some of them by asking you to clarify if, in those original documents, either textually or in spirit, it is specified that the territory occupied by the United States can be used for any other purpose than a military base?

[Miranda] The base treaty establishes that it will be used as a coal or naval station. Of course, coal is not longer used, but it is a naval station, a supply base for the American fleet in the area. It textually reads: And not for other purposes. It is implicitly and explicitly contained in the treaty.

[Resillez] Some viewers are also asking if there are any grounds for the existence of the base. I can tell you there is still some confusion among our viewers.

[Miranda] There is not legal grounds for the base; the only ground is the groundless reason of the use of force. That is the only reason why they are there. According to international law, a base cannot be imposed upon a nation. Moreover, the United Nations and the Nonaligned Movement [NAM] has condemned the presence of imposed military bases in other territories. In the case of Cuba specifically, this illegal presence, against the will of the Cuban people, has been condemned by NAM since its first meeting in 1961. Imposed military bases

are rejected by international law and go against the general principles of the UN Charter, and in this particular case, is a violation of every norm, as I said earlier, by establishing the presence of the Americans here in Cuba. If two countries establish an accord, and agree to have an enclave, that is a different problem, but in our case, there was no consent on our part. That base is a colonial enclave and Cuba stated this fact in 1960 at the United Nations. It is a vestige of colonial occupation, in violation of all the elements endorsed by the United Nations to put an end to colonialism.

[Resillez] I would again like to refer to the month of June, but this time, more recently. June is once again a significant month in the history of the naval base, and for Cuba and its relations or lack of relations with the United States. We have to add that another June, but now 94 years after the approval of the Platt Amendment, we encounter a new Platt, but in this case, called Helms. It seems that in the month of June, this congressman, together with Burton, and other Right-Wing supporters, are trying to pass something similar to the Platt Amendment through Congress. Do you see any links in this backward action of the U.S. Right Wing?

[Miranda] Of course. The Burton Law [as heard] is an extended and corrected version of the Platt Amendment. It is inconceivable at this point in time that this concept of occupation is still being endorsed, because that is what it endorses — an occupation. The Platt Amendment was an occupation; it sanctioned a permanent occupation; and what the Helms-Burton Bill seeks is precisely to maintain a permanent occupation, change Cuba's destiny, and thwart Cuba's chosen future. It is inconceivable that at this point in time there are in the world people who favor such ideas, [words indistinct] racist ideas [passage indistinct].

[Resillez] Dr. Miranda, I deeply thank you for your words tonight, for our viewers nationwide. We are highly honored by your presence. We know that you had a long, tiring day. As we said at the beginning, you participated extensively in the conference being held here in Guantanamo. I believe we have presented to our viewers a group of elements that allow them to better comprehend the technical-legal aspects, and the significance of the groundless American presence in a portion of our territory, here in Guantanamo.

Finally, I would like to present to our viewers something beyond a conversation with the participants in the conference: simply, a conversation with several former Cuban base workers, now elderly, who remember their experiences as workers at the base. These extremely interesting accounts were recorded in the city of Caimaneras — to refresh your memory, depending of your age,

or to provide you with information on the conditions under which hundreds of Cubans worked at the base years ago. These are historical elements that a people do not easily forget, particularly a revolutionary people like ours.

Next week we will address a subject that we believe will be of interest to our viewers: Ties between Cuban geography and socioeconomic development. One guest, among others, will be Dr. Antonio Nunez Jimenez.

I hope you have a good week.

During our stay in Guantanamo we have seen the people of this province hard at work to earn the right to host the 26 July ceremony.

[Begin recording] [First unidentified speaker] I remember things well because the experience was not pleasant. Workers were mistreated a lot, particularly Latin workers — Cubans, Puerto Ricans.

[Resillez] Do you particularly remember any specific instance in those long 18 years?

[First unidentified speaker] Oh, yes. The first one to come to mind is the case of Manuel Prieto Gomez who was brutally assaulted inside the base.

[Prieto] I was brutally tortured. They broke three vertebrae. From there, they moved me to a jail called (Caravela Point) where I was thrown in a cell. Later, they moved me to two other cells. My family managed to come to the base [words indistinct] some comrades who belong to the 26 of July Movement helped my wife and kids get me out of the base. As result of the beating, and three days without food, I got an ulcer and had to be hospitalized [passage indistinct].

[Second unidentified speaker] [words indistinct] My husband and I were walking back. One of them came out and tried to touch me, and my husband, who spoke English, told them I was his wife. I did not understand what they answered back, but they kept insisting. Then one MP came out of the coffee house and told them to leave. When the MP left, they turned right back. I told my husband: Emilio, they are coming this way! They were running like madmen. He told me to get in the house and lock the door, that he was going to keep going. I got in the house, locked the door, and my husband went into the coffee house across the street and jumped a fence in the back. The Americans jumped right after him and began to throw stones at nearby houses. It was like a shelling.

Almost all the families had a wooden stick or a machete by the door because the Americans would enter the houses and beat everyone inside. Every so often there was a big brouhaha. The fights were terrible. They did

not respect the families or anything. They would invade any house they felt like. [end recording]

Conference Participants Visit Border

FL0806144895 Havana Radio Reloj Network in Spanish 1403 GMT 8 Jun 95

[FBIS Translated Text] Almost 200 lawyers, researchers, and academics participating in the Scientific Conference on the Illegality of Guantanamo Naval Base, are holding the last working session in Guantanamo this morning.

A roundtable discussion on the U.S. economic and financial blockade against Cuba is chaired by well-known specialists who will discuss the historic handling of the conflict between the United States and Cuba.

The first Scientific Conference on the Illegality of the Guantanamo Naval Base will end at noon today with a final pronouncement against the usurpative character of the U.S. Naval Base, and a demand for its return to Cuba.

Conference participants will visit the border perimeter nearby the Yankee base this afternoon, after asserting the illegality of the occupation of this portion of the Cuban soil.

Conference Declaration Approved

FL0806203595 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Jun 95

[From the "National Radio News"]

[FBIS Translated Text] The first Scientific Conference on the Illegality of the Guantanamo U.S. Naval Base ended today with the approval of a final declaration. The 170 participants agreed that the presence of the base in Guantanamo is one more indication of the prevalent U.S. practice of intervention in Cuba, and stated that there is plenty of evidence and events to establish the illegality of the Guantanamo Naval Base and demand its return to Cuba.

The Dominican Republic delegation asked participants to agree that the final declaration be sent to the U.S. Government, and that all branches of U.S. bar associations be invited to the meeting on respect for international law, which will take place between 24 and 30 July.

Participants in the international Scientific Conference on the Illegality of Guantanamo Naval Base exhaustively discussed a variety of views. In addition, they denounced the illegal presence of the base in Guantanamo, which violates the UN Charter and principles of international law. They also called for support from

all institutions, organizations, and people worldwide — including honest U.S. citizens — to thoroughly discuss the issue and demand the return of the base to Cuba.

ECLA Releases Report on Cuban Economy, Notes GDP Growth

PA0806203795 Havana PRENSA LATINA in Spanish
1704 GMT 7 Jun 95

[FBIS Translated Text] Mexico City, 7 Jun (PL) — Affected by an unprecedented economic crisis, the Cuban economy stopped in 1994 its alarming decline with a slight 0.70-percent increase in GDP, states a report by the Economic Commission for Latin America [ECLA] made public in this capital.

ECLA explains that following an abrupt reduction in production observed since 1990, the economic policies implemented last year began to yield fruit, given a greater diversification of the property relations and the creation of new spaces to market mechanisms.

In general, ECLA reports, such programs guaranteed a greater opening to foreign investments and tourism, as well as the creation of a farmers market aimed at satisfying the food shortages of the population.

ECLA also mentions the success of the reorganization of the state, following the simplification of government structures and granting greater autonomy to public enterprises and local administrations.

These and other factors, among them the improvement in the price-product relationship, facilitated an increase in production during the year, the document explains.

ECLA adds that in that period of time, the fiscal deficit experienced a large decline, 72 percent, going down to 7.4 percent of the GDP. This caused a slowdown in inflationary pressure and the reevaluation of the national currency, the peso, in the informal foreign exchange market.

ECLA says that the implemented liberalization and deregulation measures have contributed to satisfying important basic needs and halted, to a great extent, the deterioration in the standard of living of the population.

ECLA indicates that Cuba, in spite of the difficult international economic relations, managed to promote foreign trade, highlighting that by the end of the year, there were 180 joint ventures with 38 countries in 26 activities. Among those activities tourism and the energy sector are worth mentioning.

On the other hand, and also as a result of new legislation, legal mechanisms were approved to promote the practice of self-employment in which 5 percent of the working population is currently engaged.

ECLA addresses the accomplishments made during the aforementioned period, highlighting the expansion of mining activities, the growth of the manufacturing industry and construction, and an increase in energy production. Special emphasis was placed on tourism, which generated gross revenues in excess of \$800 million, thereby replacing sugar cane production as the number one foreign currency-generating industry in the country.

The report remarks that, nevertheless, the Cuban situation is still facing too many challenges, such as the reduction experienced in the agriculture sector.

This reduction, the report continues, originates in the lack of inputs and incentives for the workforce and, particularly, the declining trend in sugar cane production.

ECLA describes the preservation of the social advancement achieved in the last 35 years as the main obstacle to be faced by the authorities of the island.

Regarding the difficulties experienced in the area of health, education, sports, and culture, the organization recognizes that they still remain at satisfactory levels at the regional level.

The report warns that the magnitude of the domestic economic crisis and the external difficulties caused by the commercial blockade lead one to believe that the adjustment will not be attained in the medium term. The reasons for this are the difficulty in maintaining the macroeconomic balance of the fiscal situation, of external balances, of foreign debt balances and, at the same time, due to the need to achieve a GDP greater than the demographic growth.

ECLA concludes that a possible normalization of ties between Cuba and the United States would allow the flow of credits and financing from important international organizations, "the resources of which may make the adjustment possible under less onerous conditions in social terms."

Figueras' Book on National Economy To Be Published

FL0806195995 Havana Radio Rebelde Network
in Spanish 1700 GMT 8 Jun 95

[From the "National Radio News"]

[FBIS Translated Text] A book entitled, "Structural Aspects of the Cuban Economy," by celebrated economist Miguel Alejandro Figueras will be introduced on 9 June at 1600 [local time] at National Association of Cuban Economists headquarters. In his book, Figueras presents changes and problems that have been solved over the past 35 years, and discusses what remains to be done.

Figueras worked with Che Guevara as general director of long-term planning, a topic very closely followed by the commander. Later on, he worked for eight years in the Sugar Ministry, and 16 years on the Central Planning Committee. Figueras is currently an adviser for the Ministry of Foreign Investment and Economic Cooperation, and has been an adjunct professor since 1962 on the Havana University Economics Faculty. He is also a member of the editorial board of "Cuba, Investments, and Business," a publication printed in England, directed toward those interested in conducting business in Cuba.

Minfar Signs Agreement With Spanish Defense Ministry

*FL0806195795 Havana Tele Rebelde Network
in Spanish 1630 GMT 8 Jun 95*

[From the "NTV" newscast]

[FBIS Translated Text] After placing floral wreaths at Cacahual, the Spanish Defense Ministry delegation, during a ceremony today at the Capitanes Generales Palace, will donate the saddle used by Deputy General Antonio Maceo. The Bronze Titan's saddle had been on display for 99 years at the Madrid Military Museum, and will be presented, along with one of the ship's cannons from the (Guerra Pluton), which was sunk in Santiago de Cuba Bay on 1898.

Following six months of negotiations, the Ministry of the Revolutionary Armed Forces (Minfar) and the Spanish Defense Ministry yesterday signed a declaration of collaboration between the two armed forces, the first such exchange agreement with the Spanish Army. Division General Julio Casas Regueiro, first vice minister of Minfar, and Victor Suances, director general of Spanish defense policy, signed the document accelerating the process to solidify the agreement.

Fidel Castro Chairs Military Ceremony With Spain

*FL0906021595 Havana Radio Rebelde Network
in Spanish 2300 GMT 8 Jun 95*

[From the "Exclusive" program]

[FBIS Translated Text] At this moment, Commander in Chief Fidel Castro is chairing the ceremony for the exchange of historic items between Cuba and Spain, which is taking place at Havana City's museum, the Capitanes Generales Palace in La Habana Vieja. The high-level delegation of the Spanish Defense Ministry, headed by Division General Victor Suances Pardo, is on this occasion giving Cuba the saddle used by Deputy General Antonio Maceo at the time of his death in San Pedro. The historic piece, belonging to the Bronze Titan, is a typical Creole saddle of black leather adorned

with silver ornaments and two holsters. Meanwhile, Cuba will give Spain a cannon from the Pluton warship sunk during the naval battle of Santiago de Cuba on 3 June 1898, as well as a banner with the colors of the Spanish flag, belonging to the 15th Infantry Regiment of Extremadura, Spain, which fought in Havana.

Public Audience on Electoral System 12 Jun

*FL0806143895 Havana Radio Rebelde Network
in Spanish 0900 GMT 8 Jun 95*

[From the "Doing Radio" program]

[FBIS Translated Text] A public audience on the Cuban electoral system sponsored by the National Assembly of the People's Government (ANPP) will be held at the Convention Center in Havana on 12 June. Tomas Cardenas, president of the Local Bodies of the People's Government commission of the ANPP said that the objective of the activity is to contribute to educating the public about this very important issue. Meanwhile, during a progress report and candidate nomination assembly, Esteban Lazo, Politburo member and first secretary of the party in Havana, urged political and government leaders not to be satisfied with 81-percent attendance to the ANPP assemblies in the province. He specified that each patriot should be aware of the importance of his active participation in this new battle, and added that a successful outcome will deliver another resounding blow to the enemy campaigns, stressing the need to go out to each voter, house by house.

Inter-Caribbean Affairs

Foreign Minister Supports Haiti, Gaviria Notes on Cuba

*FL0806142195 Nassau Bahamas Radio Network
in English 1130 GMT 8 Jun 95*

[FBIS Transcribed Text] The Honorable Janet Bostwick, minister of foreign affairs, is heading the delegation of the Bahamas to the 25th regular session of the general assembly of the Organization of American States in Haiti. The meeting started on June 4 and concludes tomorrow. The minister of foreign affairs said the principles to which the delegation is directing its attention include the new vision of the OAS, a common narcotics strategy for the 21st century, the situation in Haiti, the OAS budget and the election of an assistant secretary general of the organization. Minister Bostwick spoke on behalf of Caricom countries at an ad hoc meeting [word indistinct] yesterday. Vaughn Martin reports.

[Begin recording] [Martin] Haiti's president Jean-Bertrand Aristide today met the Caricom delegates

here in Montrouis, Haiti. Aristide [words indistinct] of the general assembly. Aristide informed [words indistinct] Caricom representatives let them all [words indistinct] Accompanied by the OAS secretary general Cesar Gaviria, President Aristide thanked the Caricom countries individually and collectively for the role they played in the first free and fair election which brought him to power in 1991. [Word indistinct] in helping him to resume democracy following the coup in which he was ousted that same year. Mrs. Janet Bostwick, the minister of foreign affairs of the Commonwealth of the Bahamas, spoke at the [words indistinct] of the OAS general assembly today and she said:

[Bostwick] Let us say how pleased my delegation is to be meeting here in Haiti, the second oldest independent nation in this hemisphere. I would like to say thanks to you, especially Aristide and to the government and people of Haiti for their [word indistinct] arrangement for this meeting. The warmth and the friendliness with which they and their people have greeted us has contributed in no small measure to making this one of the most successful general assemblies. I admit, Madame President, that at the last [words indistinct] accepted President Aristide's invitation to this meeting here in Haiti with anxious optimism. Optimism because we went to meet in Haiti; [Words indistinct] that the Haitian people had been freed from the oppressive and unjust [word indistinct] regime; that the democratic expression of the Haitian people had again been given a voice. We were cautious, however, because the brutal regime that seized power more than three years ago had suppressed the will of the Haitian people and had rejected the calls from the international community to step down, which violated agreements for the restoration of the legitimate government. There were concerns, therefore, that they would again find a way to continue to ignore the wishes of the majority of the Haitian people and the best efforts of the international community. We were, therefore, [words indistinct] by the determined efforts of the members of this organization have contributed in no small way to the peaceful conclusion of that sad and brutal era. Our presence here symbolizes the continued commitment of the international assistance to the great people of Haiti. Madame President, we [words indistinct] that the role of the international community has ended with the restoration of the legitimate government of Haiti. The totalitarian regime left the country almost deplete of all of its natural resources and [words indistinct] economy in shambles. Just as the international community works with President Aristide to ensure that the Haitian people will again be able to live in a safe society, we must continue to work with the Haitian people to help them rebuild their society.

[Martin] That was Janet Bostwick, the minister of foreign affairs of the Commonwealth of the Bahamas.

Cuba's reintegration into the family of the Americas continues to be the most important political problem in the Americas. So says OAS Secretary General Dr. Cesar Gaviria as he continued here the 25th session of the OAS general assembly. Cesar Gaviria said the Cold War has passed and there is no easy solution to the problem. The OAS has to now see how to approach its own agenda and its own matters. From the 25th session of the OAS general assembly in Montrouis, Haiti, this is Vaughn Martin reporting. [end recording]

Editorial on OAS Election, Cuba's Position, U.S. Role

FL0806145595 Bridgetown CANA in English
1329 GMT 8 Jun 95

[FBIS Transcribed Text] Bridgetown, Barbados, June 8, CANA — Following is the text of the editorial in Thursday's [8 June] NATION newspaper:

"Congratulations are in order for Trinidad-born diplomat Christopher Thomas on his re-election for a second term as Assistant Secretary-General of the Organisation of American States meeting in Haiti. The very experienced ambassador was already within reach of the required two-thirds vote to retain his post against the challenge from El Salvador when the United States announced its support for his candidature. That effectively ensured his re-election and El Salvador withdrew its candidate.

The U.S. might have conveyed the wrong message to the Caribbean Community, which has the single largest bloc of votes in the OAS, had it remained neutral on Thomas's bid for re-election. It is, therefore, good to know that Thomas also commanded the support of that nation, which still wields enormous influence — some feel far too much in the OAS.

The OAS must be congratulated for surviving its many political problems, including challenges to its integrity when involved in mediating roles. As a human rights watchdog, it must be commended for being able to hold its 25th regular session in, of all places, Haiti, the nation where it is currently playing a vital role in monitoring human rights violations.

An OAS disposed to adjusting to the new challenges facing governments and peoples of the hemisphere, and sensitive to the passion being shown for basic principles of international law, should be better placed to ensure democratic reforms as discussed at the Summit of the Americas last December.

We look forward to the return of Cuba to this hemispheric body from which it was unjustly expelled at the

height of the then superpower conflicts of the '60s, forcing the Castro government to angrily describe it as an "ideological trash can" of the U.S.

In this post-Cold War phase, when the U.S. is mending fences with Vietnam and North Korea and carefully protecting its [word omitted as received] to maintain an economic blockade against a Caribbean nation just 90 miles off the coast of Florida, and to keep it out of the OAS.

The OAS General Assembly meeting in Haiti should, despite opposition from the U.S. delegation, consider how it can help in normalising U.S.-Cuba relations and see about Cuba returning to membership of the hemispheric organisation.

Finally, congratulations to host country Haiti for the OAS meeting. Not so long ago that nation was engulfed in bloody crises, and is still a very miserable place for its poor, illiterate and powerless.

It is encouraging to know that an elected and popular Haitian president can address the OAS Assembly while his people prepare for new rounds of internationally supervised elections."

Haiti

Correction to Aristide Addresses OAS General Assembly

PA0706141895

The following correction pertains to the item headlined "Addresses OAS General Assembly," which appears in the 7 June Latin America DAILY REPORT, pages 6-7:

Page 7, column two, last paragraph, last sentence, make read: ...united we are lavalas [previous word in Creole]... (inserting editorial notation)

Government, EZLN Resume Peace Negotiations

PA0806152695 Mexico City XEW Television Network
in Spanish 0430 GMT 8 Jun 95

[Report by Juan Sebastian Solis from the "24 Hours"
newscast — live relay]

[FBIS Translated Text] We are in San Andres Larrainzar, where minutes ago the third round of negotiations began to achieve peace with dignity and justice and to end the conflict that began on 1 January 1994 in Los Altos de Chiapas.

The delegation arrived at 1940.... [pauses] The negotiating table was set up here in the Dialogue Room in San Andres. The nine EZLN [Zapatist National Liberation Army] delegates started to arrive after 1700 in vehicles provided by the International Red Cross. They were accompanied by members of the National Mediation Commission [Conai] and the Harmony and Peace Commission [Cocopa]. There are a total of nine delegates. Two women, Commanders Trinidad and Andrea, are attending for the first time. [sentence as heard]

The table was set up and the EZLN delegation arrived amid heavy rain. Commander Trinidad, who attended the dialogue on 15 May, said she had a surprise and pulled out a recorder.

[Begin recording] [Commander Trinidad] Good evening, companeras and companeros. We are attending the dialogue again; we have arrived. We came again to see how the dialogue develops. We brought a surprise for you; we have this recording for you.

[Subcommander Marcos] Testing, one, two, three; testing. [end recording]

The surprise was a recorded communique read by insurgent Subcommander Marcos, who made a national and international call to hold a meeting. Here is an excerpt:

[Begin Marcos recording] We are addressing all our brothers to propose a national and international consultation to guide us on the course we must follow at this historic moment. We propose that a great national consultation be organized to ask the following questions: First, do you agree that the main demands of the Mexican people are land, housing, employment, food, health, education, culture, information, independence, democracy, liberty, justice, and peace? Second, should the various forces seeking democracy unite in a broad opposition front and fight for these 13 main demands? Third, should there be a profound political reform in terms that would guarantee equity, citizen participation — nonpartisan as well as nongovernmental — respect for the vote, reliable electoral registers, and recogni-

tion of all national, regional, and local political forces? Fourth, should the EZLN become an independent and new political force? Fifth, should the EZLN join other forces and organizations to establish a new political organization?

These are the five questions that should be answered with a yes, no, or I do not know. These are the five questions we all need to answer before we can advance. Brothers, we respectfully urge the brothers of the National Civic Alliance to contribute their experience in organizing citizen consultations to this peaceful civilian effort within the struggle to achieve democracy.

We urgently call upon the various groups that make up the National Democratic Convention to suspend their internal disputes and organize and implement this great national consultation.

We call on the National Workers Convention to organize the consultation among labor unions, work centers, and labor organizations.

We call on the National Indian Convention to organize the consultation among the country's Indian and peasant communities and the independent Indian and peasant organizations.

We call on the National Student Convention to organize the consultation in mid-level and higher learning centers.

We call on the National Women's Convention to organize the consultation in independent women's organizations, neighborhoods, and among housewives.

We call on the National Artists Convention to organize the consultation among cultural workers so they can contribute with their work and production to the holding of this consultation throughout the entire country.

We call on solidarity organizations which support the just cause of the EZLN in the United States, Spain, Italy, France, Germany, Sweden, Japan, Chile, Netherlands, Sweden [repeats], Norway, UK, Argentina, Venezuela, Switzerland, Belgium, Austria, Russia, and the entire world to organize consultations in their respective countries.

Brothers, this is our word. We must organize ourselves to ask; we must organize ourselves to answer; and we must organize ourselves to take action. The results of the consultation should be ready by 8 August 1995, the first anniversary of the start of the National Dialogue for the Transition to Democracy. With this proposal for a great citizen consultation, the EZLN ratifies its commitment to command by obeying. It is a sign of its seriousness and true commitment in the search for

a political solution to the war. The EZLN calls for a new national dialogue among the country's democratic forces.

Democracy, Freedom, Justice!

[Signed] Clandestine Indian Revolutionary Committee-General Command of the Zapatist National Liberation Army.

[Issued] Mexico, June 1995 [end recording]

Subsequently, the nine delegates of the armed group returned to their dormitory, which is located behind us near the courtrooms in San Andres Larrainzar.

Later, two press liaisons appeared. They were Cocopa member Juan Carlos Gomez Aranda and Conai member Mr. Miguel Alvarez Gandara.

They read the first communique of this third meeting, which basically states the following:

[Begin recording] [Gomez] Gentlemen of the media, if you allow us, the Press Subcommittee of Conai and Cocopa will read Press Communique No. 1, which corresponds to the third part of the dialogues in San Andres Larrainzar:

On this day when we celebrate freedom of speech, the delegations of the federal government and the EZLN, as well as Conai and Cocopa, greet all members of the media registered for this event. We hope that within the framework of this celebration, and according to the pace of the meeting, radio, television, and newspaper media will continue to fulfill their duty of informing national and international society of the course of the dialogue in San Andres Larrainzar in its third stage, as they have done so far.

Today we held the third meeting of the federal government and EZLN delegations with the presence of Conai as mediator and with the support of Cocopa.

The delegations are made up of the following representatives: from the government, Marco Antonio Bernal, Ambassador (Gustavo Iruegas), Jorge Delvalle, and Javier Centeno; from the EZLN, Commander David, Commander Tacho, Commander (Zeledo), Commander Moises, Commander Domingo, Commander Trinidad, Commander Guillermo, Commander Andrea, and Commander Ramon.

Mr. Alvarez from Conai will read the second part of this communique:

[Alvarez] The agenda is as follows. First, we have the four [as heard] installation points: welcome; introduction of attendants; agenda reminder; format and schedule; and press regulations.

The second point includes a reading of the minutes and reports on the previous meeting. The Peace and Pacification Commission recommended minimum guidelines for subsequent discussions, which were accepted by all parties. The third point, which will mark the beginning of tomorrow's discussions, is related to the results of the EZLN's consultations on detente measures and follow-up on the minimum agreement on detente. The fourth point includes guidelines on procedures for the protocol on foundations for the dialogue and negotiation of an agreement of harmony and pacification with justice and dignity. The fifth point includes points of agreement on communiques. The sixth point relates to agreements on security measures. The seventh point is related to dates and the agenda for the next meeting. The eighth and last point is related to the final communique. All delegations have ratified their acceptance of the previous press agreement. As a result, the Conai-Cocopa subcommission, each organization duly represented by its spokesperson, Mr. Miguel Alvarez Gandara and Mr. Juan Carlos Gomez Aranda, respectively, will be responsible for keeping the media apprised, through official communiques approved by all parties, of the progress made during this third dialogue and negotiation. Discussions will continue tomorrow at 0900, and throughout the day there will be a private meeting between both delegations in accordance with a request by the federal government and accepted by the EZLN. [end recording]

So far, this is what has taken place here at the resumption of the peace talks in San Andres Larrainzar. It has been raining steadily throughout the day. The storm that broke out when the EZLN arrived diminished somewhat but resumed a few minutes ago. At any rate, the situation here is absolutely calm. The security cordons surrounding the dialogue table are still in place despite the constant rain. As expected, everything is developing peacefully in a climate of harmony and detente.

EZLN Replies to Government Proposal for Detente

PA0806235895 Mexico City NOTIMEX in Spanish
2050 GMT 8 Jun 95

[FBIS Translated Text] San Andres Larrainzar, 8 Jun (NOTIMEX) — The Zapatist National Liberation Army [EZLN] today presented its reply to the government proposal for a general detente program in Chiapas. Miguel Alvarez Gandara, spokesman for the National Mediation Commission [Conai], and Juan Carlos Gomez Arue, spokesman for the Harmony and Peace Commission [Cocopa], presented three documents to the government on the second day of negotiations.

The first general meeting between government and EZLN delegates began at 1040 today. The delegates debated the minimum detente agreement that the sides signed on 14 May.

Gandara reported that the first point discussed was the proposal presented by Cocopa about the minimum debate rules. The proposal, which was presented to the delegates, was drafted in Spanish, Tzotzil, Tzeltal, and Tojolabal languages.

Later, the Clandestine Indian Revolutionary Committee delegates presented three documents to their government counterparts so the government delegates could reply to each of them separately and in writing. The first document refers to the results of the consultation with the EZLN rank and file on the government proposal for the EZLN to rally in one of the seven buffer zones that have been established. The second document is an alternate EZLN proposal to the one presented by the government on 12 May. The third document is the EZLN's counterproposal to enforce the 14 May agreement on minimum detente measures.

The Conai spokesman said that, before the end of this first session, there was a question and answer session to clarify certain points. A recess was then declared and is expected to end at about 1400 (2000 GMT).

It is believed that the government's position on the documents presented by the EZLN will be made known at approximately 1900 this Thursday.

It has been reported that U.S., Spanish, and Argentine citizens are part of one of the so-called "security belts" around the site of the dialogue, which was initiated this past Wednesday.

Their only mission is to observe the [words indistinct] the security measures and the atmosphere that prevails for this third peace meeting, according to representatives of the nongovernmental organizations participating in this process.

Government Secretary Esteban Moctezuma has said that in Chiapas there is the political will to find a negotiated solution within the framework of legality.

This official said in Mexico City that the people must wait for the negotiations to end before knowing the results.

Regarding the possibility of the EZLN becoming a political party, Moctezuma said this is a decision to be made exclusively by the members of that organization.

EZLN Approves Redeployment in Government-Proposed Corridors

PA0906050395 Mexico City Radio Red Network
in Spanish 0000 GMT 9 Jun 95

[Report by reporter Gloria Hernandez from San Andres Larrainza, Chiapas, and announcer Martin Espinoza at the Radio Red studios in Mexico City; from the "Evening Monitor" newscast]

[FBIS Translated Text] [Espinoza] We have important news from Chiapas in connection with the dialogue between the Zapatist National Liberation Army [EZLN] and representatives of the Federal Government. Our reporter Gloria Hernandez is in Chiapas this evening. How are you, Gloria?

[Hernandez] Good evening, Martin. It is raining here in San Andres Larrainza, the site of the dialogue. On this second day of meetings, the Federal Government and the EZLN discussed detente measures. The EZLN has delivered three documents to the Federal Government. These documents deal with the following issues:

The first deals with the results of the EZLN's consultations with its rank and file. In general terms, the EZLN has agreed to being stationed at sites in the corridors proposed by the Federal Government. In line with this proposal, both the Mexican Army and EZLN guerrillas will withdraw, and buffer zones will be established to provide security and social assistance — assistance that includes clothing and room and board.

Of the seven corridors listed, the EZLN has decided on campsites in four of them. The EZLN has also proposed a pilot corridor, and this is being discussed. The EZLN is proposing a corridor that runs from Las Margaritas to San Quintin in Chiapas, approximately 70 km from east to west. This is where the undertaking would begin, and where those Mexican troops scheduled to withdraw from eight towns, including Guadalupe Tepeyac and Vicente Guerrero, would be stationed.

Regarding the verification commission, the EZLN is proposing it comprise members of the National Human Rights Commission and a nongovernment organization known as All Rights Belong to Everyone [Todos los Derechos es de Todos]. It should be stressed that the EZLN believes that, in general terms, the government's proposals facilitate the reaching of a suitable agreement.

This evening there was a brief intermission. The government also proposed a pilot corridor that would run from Monte Libano to San Caralampio. This is a north to south route in Chiapas that is about 30 km in length. The Mexican Army will withdraw from two zones — Tani Perlas and Perlas de Acapulco — and EZLN forces

will be stationed in Tani Perlas. This proposal calls for the verification commission comprising legislators and, like the EZLN, endorses the participation of the previously mentioned nongovernment organization.

The government also confirmed additional details about how EZLN guerrillas and sympathizers would receive support. They will be able to receive support from the federal and state governments and Ocosingo Municipality authorities who will provide clothing and room and board. I also want to say that work is continuing to reach specific agreements on this matter, because these are completely different corridors. There is no agreement on who will verify these moves or other agreements on matters that will be discussed as of today. Another important question concerns the time at which a test corridor will be established.

These are, in general terms, the proposals being discussed. So far, there is no official report on whether the two parties have reached an agreement on these issues. We should add that the EZLN has urged the Harmony and Peace Commission [Cocopa] to maintain impartiality, because, as the EZLN sees it, the commission's work has not been unbiased, and this could hurt the dialogue.

This is, Martin, what has been done in San Andres Larrainza where the two sides are talking.

[Espinoza] Gloria, there has been talk about the possibility of the government delegation headed by Marco Antonio Bernal issuing a communique within the next few hours. Will this happen this evening?

[Hernandez] Yes, Martin, this will happen tonight. The spokesmen for Cocopa and the National Mediation Commission [Conai] told us this afternoon that they are waiting for the two parties to decide whether there is something to report. Then they will report this. There are plans for a news conference with the government and the EZLN delegations. Therefore, this will be a long day as we wait for more information.

[Espinoza] Finally, Gloria, what kind of atmosphere do you perceive there? Last night after 2300, we reported a recorded message from Subcommander Marcos calling for a national referendum on how the various Mexican sectors would view the reintegration of the EZLN into political life.

[Hernandez] Martin, the people of San Andres Larrainza are a fairly quiet people. They are not commenting on this. They are not overly concerned about this. San Andres appears calm. There has been no information on this. Also, we do not know whether a private meeting scheduled between the EZLN and the government has actually taken place. This meeting was to take place

without the Cocopa and Conai representatives. At this meeting, the Federal Government was going to ask the EZLN to explain the message from Subcommander Marcos.

More on EZLN Response to Government Proposal
PA0906050795 Mexico City NOTIMEX in Spanish
0253 GMT 9 Jun 95

[FBIS Translated Text] San Andres Larrainzar, 9 Jun (NOTIMEX) — The Zapatist National Liberation Army [EZLN] today accepted the government proposal to relocate its forces on a prearranged corridor in Chiapas.

In their reply, presented in a communique on the second day of talks, the EZLN proposed an alternative to the proposal presented by the government, which would be San Quintin [sentence as received].

During the peace talks on Thursday [8 June], the EZLN delegates made known their proposal to comply with the 14 May 1995 minimum detente agreement. The proposal establishes that the EZLN forces will settle in the Tolojabal-speaking area of Las Margaritas municipality. The EZLN proposal details the procedures to test the proposed corridor. The proposal includes the Federal Army's regrouping on both ends of the corridor. The military should reposition its units stationed in Nuevo Chiapas, Nuevo Momon, Vicente Guerrero, Guadalupe Tepeyac, and Santa Maria-Nueva Providencia. In addition, the rebels propose to create a "Provisional Follow-Up and Verification Commission" made up of the National Human Rights Commission and the All Rights for Everyone Organization. This new group would permanently verify "the fulfillment of whatever is decided" in the final agreement of the sides.

The EZLN delegates presented another proposal, which they called "First Alternative to the Government's General Detente Program." This proposal is contained in the Progressive, Reciprocal, Proportional, and Verifiable Detente Program, which includes the detente measures necessary for the talks.

The second proposal, announced by the EZLN in two of four documents as the first one, provides the establishment of what the EZLN describes as "initial corridors." The proposed corridors would be between Monte Libano and San Caralampio, with the troops withdrawing from Taniperla and Perla de Acapulco; between Cerro de la Estrella and Santa Elena, with the troops withdrawing from Jordan, Tacitas, and Santos; between La Garrucha and Sultana, Soledad, and Ojo de Agua, and between Nuevo Momon and San Quintin, with the troops withdrawing from Nuevo Chiapas, Vicente Guerrero, Guadalupe Tepeyac, and Santa Maria.

The 12 points of the proposal [words indistinct] that the effective operation of the designated corridors will be supervised by the Followup and Verification Commission, established by the Law on Dialogue, Conciliation, and Dignified Peace in Chiapas.

While this commission is being formed, the document adds, the verification will be carried out by the "Fray Bartolome de las Casas" Human Rights Center and by the National Human Rights Commission (CNDH).

In another point, it suggests to the parties in conflict to implement immediately a plan whereby the Mexican Army will regroup its troops at given points along certain corridors.

This regrouping will be conducted in such a manner that there will be necessary open zones for the free transit and normal activities of the people in that zone.

It adds that within this framework, the EZLN members will assume the commitment and responsibility not to interfere in the fulfillment of the duties of maintaining order and public security, which correspond to the respective authorities.

The corridors will be maintained during the time of the process of dialogue and negotiation of the Agreement of Harmony and Peace with Justice and Dignity, "but can be increased, reduced, or adjusted to the commitments that are made in the negotiation," it added.

The EZLN voiced its readiness to progress in achieving joint detente with the government in the event the initiative is accepted, by initiating work at the plenary meeting to agree on the progressive, reciprocal, and proportional steps required by this process.

The third document, distributed by the EZLN representatives, states that consultations will be made with the communities on the government proposal "for an overall, progressive, reciprocal, proportional, and verifiable detente," which will lead both parties to the signing of a peace agreement.

"The rank and file noted that the government proposal demonstrates progress with regard to its previous proposal, but that it is unacceptable, that having good and bad parts, the document cannot be accepted or rejected and is being returned to the EZLN leadership to draft a new proposal for the Federal Government," it explained.

The fourth document is a response to the proposal by the Harmony and Peace Commission (Cocopa), known as "Draft Project of Minimum Rules for Discussion between the EZLN and the Federal Government," in which the EZLN notes that "some points solely favor the government delegation."

The government will give a response in the coming hours to the proposals presented in the four documents, within the framework of the work carried out this Thursday at the table of negotiations.

Article Assesses Development Plan Economics

PA0906035795 Mexico City PROCESO in Spanish
5 Jun 95 pp 51-53

[Article by Jorge G. Castaneda]

[FBIS Translated Text] Judging by newspaper reports and the president's speech, the National Development Plan [PND], which was unveiled to the public last week, has one important virtue: Perhaps for the first time in many years, the document and the development strategy that inspired it have set quantifiable goals. Moreover, the text defined the more or less critical links among the numerous variables. There is no doubt that it displays pragmatic progress, especially in the area of priorities: It starts with a formerly immutable thing, and what is more important, it concludes with more flexible variables. Unfortunately, it seems to exaggerate the latter's versatility, and it fails to present to the country the truly damaging nature of alternatives it is facing.

It should have started with the most rigid aspect: The growth of the working age population (these people were born many years ago, and no effort at this time can change its pace of expansion) or the labor supply. To a certain degree, one major point also is recognized: The only way to redistribute wealth, income, and well-being is by creating jobs for those Mexicans who have been excluded from the formal economy. This is why it is essential to create 1 million jobs annually, of which 750,000 must be generated in Mexico and the rest in the United States. The economy must grow in order to employ so many Mexicans, and it must grow by an annual rate of 5 percent, according to the plan. The figure is probably correct in terms of the three-fourths of 1 million jobs that are truly required, but not in terms of the 1 million figure itself.

To grow at that rate, and given the capital-GDP ratio currently prevailing in Mexico, an investment rate of about 24 percent of GDP is required: For each peso of national revenue, 25 centavos [figure as published] must be invested to achieve an economic expansion of the desired magnitude. Things start to get complicated at this point. Investment is necessarily equivalent to overall savings — public, private, domestic, and international. In Mexico, domestic savings, which have been low over the past 20 years, were precarious last year — about 15 percent of GDP. Therefore, we Mexicans need to save a lot more at home or attract a greater amount of external

savings to grow by 5 percent and to invest one-fourth of GDP. Both options are difficult, and above all else, costly. As the saying goes, there is no easy solution.

For the year 2000, the PND calls for an influx of external resources equivalent to 2 percent of GDP. This does not seem to be much, and it is not clearly understood how the same economy that absorbed \$100 billion in external savings while growing at an average of only 2 percent between 1992 and 1994 will require only \$8 billion or \$9 billion annually to grow by 5 percent. If we assume that the current shortage in aggregate savings is about 8 points of GDP, and if we distribute the burden equitably between the world and ourselves (perhaps a more realistic estimate for the upcoming five-year period), we conclude that we would be obligated to secure from abroad nearly \$15 billion annually. This is a lot of money, and although it is not impossible to obtain, the cost would be high. We would have to maintain very high interest rates or once again grant huge concessions, because of the ideological demands of international markets.

The indispensable increase in domestic savings is not evident either. It comes from the public sector, companies, or households. For tens of millions of Mexicans — perhaps more than half — this means already low consumption levels will be curbed further: This cannot be done, and it should not be attempted. To a middle class burdened by debt, instability, and postponed dreams, the idea of consuming less seems to be barbaric; this is the only palliative amid the desperation of daily life. As for the rich, in order for increased savings to make a difference, they must save here and not in Houston, Miami, New York, or Los Angeles.

There are obvious technical solutions to all of these dilemmas that are noteworthy, but they fail to eliminate painful alternatives. A fiscal regime that favors investment and savings while penalizing consumption could be established: From a "Kaldor tax" to a swift increase in the VAT [value-added tax]. There is the possibility of privatizing pension funds, but we must recall that the essential issue here is not who or how this savings is managed, but its size — in other words, how much each Mexican contributes.

It is also feasible, although not easy, to create a real tax on wealth or assets, as in France and Germany, including a clause to tax Mexican assets in the United States and to transfer these tax revenues to the Aztec treasury. This would discourage savings abroad and increase public savings.

Nevertheless, moving beyond clever techniques or fashionable strategies, we should not attempt to deceive ourselves. Despite the conservative and nostalgic notion

that with a greater concentration of income and riches there is greater savings, unless we increase the salaries of less favored Mexicans in absolute and relative terms, private domestic savings can hardly increase. We then have to choose between greater profits for enterprises or well-to-do families and more income for less prosperous households. This is one of the options which needs to be discussed and which the PND does not explicitly include. Luxury has a price.

Something similar happens with public spending. Despite the inopportune conservative cries that the state also "do its part," the fact is that it is difficult for the Mexican public sector to spend less. In terms of percentage of GDP, our expenditures are less than all European, NAFTA, and East Asia countries, and less than in many Latin American countries. Given Mexico's cultural, demographic, and historical characteristics, to further reduce our country's state expenditures is tantamount to mortgaging the future of Mexican education, infrastructure, health, and housing. There is not that much to cut back from, despite demagogic calls to do away with secretariats, to eliminate bureaucracy, and to "streamline" the state. If this is the case, then the only margin for public savings is on the income side, not in expenditures. In principle, Mexico has two sources of income, the treasury and Pemex [Mexican Petroleum]. The latter requires special treatment, although the solution to the puzzle likely lies here.

Increased tax collection has been the goal of every administration since the country's independence. Certain headway was made in the past six-year term, as well as throughout the Jose Lopez Portillo administration with Finance Secretary David Ibarra. More can be done to improve the efficiency of tax collection, but there is a limit. If one truly seeks to improve government tax revenues, either current taxes need to be raised or other sources need to be taxed. These other sources include stock exchange earnings, obvious external signs of riches and assets abroad, the difference between income and savings or investments, and so on. It also is perfectly feasible to increase the personal income tax for high-income earners: In Mexico, as Francis Suarez has said, we have a virtual "flat tax" [preceding two words in English] under which the middle class and tycoons pay the same income tax.

All of this can be done, but it will have a high political cost in terms of international relations, as well as in terms of relations with the middle class and entrepreneurs. There are no painless solutions or technical ways out that do not rely on political options which, in turn, are socially polarizing. Some of us believe that Mexico demands a major redistribution effort: The rich and the upper-middle class must pay

more to enable the remaining Mexicans to receive what they deserve. This opinion, whether ethical, political, or personal in nature, however, is not universal. The PND suggests this, and this is progress. It does not explicitly state this, however, and this is a measure of our backwardness.

Ortiz: GDP To Decline 4-5% in Second Quarter

PA0906030995 Mexico City Radio Red Network
in Spanish 0000 GMT 8 Jun 95

[Report by Antonio Guzman from the "Evening Monitor" newscast]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz Martinez said the months of April, May, and June will reflect the most difficult phase of the current economic crisis. According to the finance secretary, during the months that represent the second quarter of the year, the GDP is expected to decline by at least 4 or 5 percent.

Guillermo Ortiz Martinez explained that despite this forecast, the economy is expected to begin to recover after this timeframe. Nevertheless, he explained that annual economic activity is still expected to decline somewhere between 2 percent and 3 percent.

[Begin Ortiz recording] Per our national account figures, it is very possible that the GDP's decline in the second quarter will be more than 4 or 5 percent. This result is compatible with our estimates, which indicate that there will be a slight recovery in the third quarter. Nevertheless, overall annual GDP activity may still reflect a 2 or 3 percent decline. [end recording]

In answering questions concerning Bulletin No. 12 on the Measures To Overcome the Economic Emergency, Guillermo Ortiz Martinez predicted that the decline in real economic activity, as it relates to both corporations and individuals, will abate somewhat in September. In terms of corporations, the federal government is planning to announce several fiscal measures in September designed to stimulate their operations. Meanwhile, in terms of the work force, the finance secretary believes unemployment will finally bottom out in September, and it will be possible to see signs of recovery.

The finance secretary also referred to the exchange rate, noting that the decision to float the peso will be maintained as long as the mechanism is working properly.

[Begin Ortiz recording] We will maintain the policy of the floating exchange rate for some time, but I am not sure how long. It is also possible that, if the current floating exchange system continues to show the stability

it has shown so far, it is even possible that we could retain it. [end recording]

Another issue the finance secretary discussed concerned an announcement to be made within the next few days by some banks on capitalization measures needed to reorganize their operations. He also announced that contacts had been made with U.S. Government officials to follow up on cases involving money laundering activities, adding that those contacts could lead, should they progress favorably, to the signing of cooperation agreements on the issue.

[Begin Ortiz recording] I have relayed instructions to the federation's fiscal prosecutor, as well as to the revenue undersecretary, for them to increase cooperation with their U.S. counterparts so that we might be able to implement a system that will be capable of following up on this type of activity. [end recording]

PRI Secretary General Discusses Political Reform

PA0806150995 Mexico City EL FINANCIERO
in Spanish 5 Jun 95 p 61

[Report on interview with Pedro Joaquin Coldwell, secretary general of the PRI, Institutional Revolutionary Party of Mexico, by Javier Rodriguez Gomez; place and date not given]

[FBIS Translated Text] Convinced that the political reform "is a step toward the future," and to avoid the slowdown due to current problems, the PRI will propose to the other parties a pact similar to the one signed by Mexico and the United States when NAFTA was negotiated, PRI Secretary General Pedro Joaquin Coldwell said.

In an interview, the leader recognized that "obstacles have emerged" regarding the reform, that probably will not stop it but "will delay it."

"We must agree that the everyday gripes all parties have should not become a pretext for us to threaten to withdraw from the process. If that happened then the parties would start withdrawing from the negotiating table over matters that are petty when compared with the importance of a dialogue of this nature," he argued.

"We believe we should give the dialogue its real significance. It is more important than any gripe by the parties, it is a step toward the future. We should not stop this process because of local problems that have taken place or will take place on a regular basis. The PRI's call is not to hinder crucial matters for minor ones," he pointed out.

The goal, he says, is to prevent conflicts between parties, electoral, or of any other type from becoming the obstacles that prevent an agreement from being reached.

Pedro Joaquin Coldwell stated his interest in an effective, thorough, and prompt political reform because there is the risk that its annulment or an excessive delay may become a factor of instability for the country.

[Rodriguez] Why is the PRI so interested in the reform if it could take advantage of those conflicts to delay it and avoid facing an in-depth electoral reform that could entail greater defeats for the party?

[Coldwell] Because the PRI is convinced that the party's historic contribution at this point in Mexican history is the country's integral democratization.

"The members of the PRI are convinced that as it was in 1929, our contribution was the disappearance of the caudillismo, the establishment of the peaceful transfer of power and the organization of mass movements of peasants and workers to integrate them to the state. As we closed the chapter on militarism and opened the one on civilian government in 1946, it is up to the PRI to contribute towards Mexico's integral democratization in 1995."

[Rodriguez] Even at the risk of not being the ruling party anymore?

[Coldwell] A modern political party must take risks.

"The big change, and PRI members must accept it, is that the country's destiny is to have a system, a frankly competitive party system. (This) involves the possibility of alternating power if that is what the people want.

"The PRI has no reason to fear a real political competition nor must it fear the alternation of power. This has already taken place at the municipal and state levels, and the PRI has proved it can survive as a political party and that it can recover its ground.

"The August federal elections clearly illustrated how the PRI won in virtually all the districts that were governed by another party."

[Rodriguez] Throughout its history, the PRI has formed alliances and intertwined a broad network of interests. Would an in-depth reform imply that that network would break because of instability?

[Coldwell] No. On the contrary. If we do not change, there will be instability in the country. The objective to democratize our system is to leave behind any risk that postelectoral conflicts turn into a source of hostility and anxiety for society.

[Rodriguez] Do you think there is a specific time frame in which the political reform should be achieved

before instability overtakes us and hinders any further progress?

[Coldwell] I believe the agenda is so productive, varied and complex that it will be difficult to reach a consensus in a short time.

"Perhaps the major political-electoral problem at this moment is that political parties have not reached an agreement regarding electoral rules."

"More than one political expert correctly states that democracy allows all disagreements, except for the topic that requires a consensus: the electoral rules and the election itself."

[Rodriguez] Along with the political reform, the PRI has undertaken a process of internal reform, which is unusual in politics because it began to analyze itself after it won the federal elections in 1994. Pedro Joaquin Coldwell believes his party is contributing to the country's democratization in three aspects:

[Coldwell] "The PRI has contributed with an open attitude in the discussion of the political reform; its internal reform, which has a strong democratizing tone; and the conduct we have followed in the local elections with a willingness to honor results even when they are unfavorable to us."

[Rodriguez] Regarding internal reform, how far are you willing to take the democratization process? What objective are you seeking?

[Coldwell] The overall objective is to convert the PRI into a highly institutionalized party, a party which will restore the objectives and values of the founding fathers, especially the principles of social justice and democracy.

"Another aspect of institutionalization is to gain autonomy from the government. This implies that the decisions of our political candidates must be made collectively and democratically. The rank-and-file of the party must elect its candidates and its leaders."

"Institutionalization also includes creating regular, effective, and highly diversified systems for financing the party. This also implies making a career of party membership, that active party members rise to leadership positions, from the bottom up, with a good system for recruiting and training leaders."

[Rodriguez] Until now the election of PRI leaders has not been exactly democratic. To change the party to allow this, are you not risking dismemberment, that many might quit the party because they may feel they are losing cushy jobs and privileges?

[Coldwell] The argument that has always been used for not democratizing the PRI is the risk of losing internal

unity. We believe the time has come to take an important step toward changing the selection method for party leaders and candidates.

"This means adjusting the selection process to lessen those risks and it implies creating a democratic environment in which we will learn that the objective is to compete with your opponent, not to annihilate him, and that the winners have the enough political acumen to in-

corporate the losers, and the latter to accept their defeat. "I believe that in the internal democratization aspect is where we have made the most progress. The gubernatorial candidates for Jalisco, Guanajuato, Yucatan, and Baja California were made in Mexico City. We have to acknowledge that President Zedillo has buried presidential *appointments* [dedazo]."

Guatemala

Bomb Explodes at Rios Montt's Residence

PA0906004995 Guatemala City Telesiete Television
in Spanish 1900 GMT 8 Jun 95

[From the "Channel Seven News"]

[FBIS Translated Excerpt] Explosions at various sites of the Guatemalan capital have created alarm and insecurity among the citizens, who are afraid political violence may claim more victims.

The latest explosion took place at the patio of the residence of retired general Efraim Rios Montt.

There were other explosions releasing leaflets in favor of General Rios Montt. These explosions took place near the state university.

At least three bombs exploded Wednesday evening in various points of Guatemala City. No one was injured but there was property damage. These explosions occurred a few hours before the arrival in Guatemala of Mexican President Ernesto Zedillo for a two-day official visit and coincided with Rios Montt's announcement that he would protest if he is not registered as a presidential candidate. [passage omitted]

So far no organization has claimed responsibility for these actions, which have produced a climate of tension in Guatemala City.

The latest explosion took place in the garden of the residence of retired General Rios Montt. As a result of this, two high-ranking Army officers were strongly criticized.

Commenting on the explosion, Suri Rios said:

[Begin recording] [Suri Rios] We have information that there are two high-ranking officers who have orders to kill General Rios Montt.

[Unidentified reporter] [words indistinct]

[Suri Rios] I think this is something you have to ask Rios Montt himself; who should conduct a serious investigation and find out who are the real enemies of democracy and freedom. [end recording]

Three Bombs Explode in Capital on Eve of Zedillo Visit

PA0806133595 Panama City ACAN in Spanish
1159 GMT 8 Jun 95

[FBIS Translated Text] Guatemala City, 8 Jun (ACAN-EFE) — According to preliminary rescue squads reports, at least three bombs exploded last night at different locations in Guatemala City, causing considerable property damage but no casualties. The explosions

occurred several hours prior to the arrival of Mexican President Ernesto Zedillo for a two-day official visit.

Preliminary information from the Fire Department indicates that one of the explosive devices was planted near a private home south of Guatemala City. According to Radio Sonora, the homeowner estimates damages at \$1,700.

Unidentified individuals threw another explosive device near the area where the first bomb had exploded.

A third bomb containing "general" support propaganda signed by an unknown "blue front" exploded outside the state University of San Carlos de Guatemala, located in the southwestern part of the capital city.

According to preliminary reports, National Police explosive specialists deactivated a fourth explosive planted inside an education center located in the city center.

Rescue squads were forced to evacuate at least 500 students from the Instituto Central de Varones, located in front of the National Assembly.

The sources added that international observers assigned to the United Nations Mission for Guatemala (Minugua), which is responsible for monitoring the human rights situation in the country, were also present at the explosion sites.

No organization has claimed responsibility for the bombings, which have created a climate of apprehension in Guatemala City.

President Condemns Attacks, Views Zedillo Visit

PA0906012195 Guatemala City Telesiete Television
in Spanish 1900 GMT 8 Jun 95

[From the "Channel Seven News"]

[FBIS Translated Text] President Ramiro de Leon Carpio has condemned the bomb attacks in Guatemala City and denied that electricity will be rationed.

[Begin De Leon recording] This is regrettable from every point of view, regardless of who has done this. This has been undoubtedly the work of persons who want to create a climate of uncertainty in the country. Unfortunately, this and many other things have been common in Guatemala during election time, especially when the foreign media is present, like right now because of the visit by the president of Mexico.

We do not know who has carried out these terrorist actions, which we condemn and which we have been investigating since last night. [end recording]

Ramiro de Leon denied recent blackouts are the precursor of an eventual rationing.

[Begin De Leon recording] I want to reiterate that the situation does not make any electricity rationing necessary. I have been saying this since 15 December when we did have rationing. We must establish the difference between a blackout due to a technical problem and a rationing scheduled for an established period of time at an established hour.

During my administration this happened only in the beginning of December 1994. On 15 December, I told the population there would be no further rationing. I knew then what we would be doing from that moment on until now, and in the future, of course.

I have honored my word. There has been no rationing since 15 December. Once we had a blackout because of a terrorist action and, on another occasion, because of technical problems. These have been sporadic and temporary situations. This has not been planned rationing. I repeat, we have a drop in the water level of Chixoy because the rainy season is here yet, but it is about to set in.

We would go through difficult moments if we had another technical failure like the one we had at this moment, because the production of energy right now is almost at the demand level. In January of 1994 [as heard] this will not be the situation because, I hope, I am sure [two-second break in transmission] will start functioning and we will leave for the new government about 200 to 400 megawatts above the country's needs. [end recording]

The president confirmed that in the next few days, the Tampa Power Inc. will begin operating in the country and will produce 70 megawatts. This will solve the country's energy problems. The president also rejected news reports that the country will spend 2.5 million quetzals on the visit of Mexican President Ernesto Zedillo.

[Begin De Leon recording] It has been reported, because of erroneous information, I hope, that 2.5 million quetzals will be invested. This is completely false. I can tell my media friends with all the respect I feel for them, that I regret that a false report has been taken for true: We have never considered spending that money. This would be impossible. It is irrational to believe that 2.5 million quetzals will be spent because of the arrival of the president, who is only going to be here a little over 24 hours.

It has been affirmed that 2.5 million quetzals will be spent. Some media has reported this and has misguiding public opinion. This is incredible. We considered 218,000 quetzals. However, today I have been informed that this has been cut by 50,000 and therefore the ar-

rival of President Zedillo and his small entourage, and I say small because this is the entourage we invited and whose expenses we will cover, will cost Guatemala 168,000 quetzals. The larger entourage comes with paid expenses. The cost for Guatemala will be 168,000 quetzals. [end recording]

Rios Montt: Officers Behind Attack

PA0906014695 Guatemala City Televisiete Television in Spanish 1900 GMT 8 Jun 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Efraim Rios Montt, retired general and current Congress president, has blamed two Army officers for the attack in his home's backyard. Quite irresponsibly, however, he declined to reveal the names of the officers who reportedly masterminded the attack against him.

[Begin recording] [Rios Montt] I think it is not necessarily as she says. Emotion, anguish, and grief probably prompted her to say some things. We do have reports that several officers disagree with what we are doing because we are not doing what they want us to. One of the signs is this. Reliable sources have told me that certain officers are trying to remain at their present positions.

[Unidentified reporter] Who are the persons?

[Rios Montt] That is a good question. I would like to know, to report them directly. I will accuse them directly as soon as I find out their names.

[Reporter] Did these officers act on their own or in the Army's name?

[Rios Montt] The Army is an institution that consists of men. [words indistinct] The institution has nothing to do with its men. [words indistinct]

[Reporter] [words indistinct] blame directly?

[Rios Montt] As far as I know, URNG [Guatemalan National Revolutionary Unity] does not use this type of sophisticated weapon. At least we have not seen them do so. One possibility is that the attackers stole two or three of these arms from the Army's arsenal. Anyway, it is the Armed Forces that use such weapons. [end recording]

Former Rebel Implicates 9 Military Members in Bamaca Case

PA0806132395 Guatemala City SIGLO VEINTIUNO in Spanish 7 Jun 95 p 4

[Report by Carlos Canteo]

[FBIS Translated Text] After more than nine hours of questioning, Santiago Cabrera Lopez, former fighter of

the Revolutionary Organization of the People in Arms (ORPA), identified before Prosecutor Julio Arango Escobar nine military members implicated in the death of Efraim Bamaca Velasquez.

According to Cabrera, colonels, lieutenants, captains, and majors participated in Bamaca's capture and torture.

Cabrera was questioned between 1700 on Monday and 0200 on Tuesday and gave a detailed account of the torture he endured at various military detachments, as well as the times he saw Bamaca being held prisoner.

The former fighter's remarks were recorded in the official minutes prepared by Arango, who was accompanied by Sergio Mijangos, secretary of the Attorney General's Office, and Fredy Gudiel, representative of the Presidential Commission for the Coordination of Human Rights Affairs (COPREDEH).

After identifying the military members, Cabrera offered detailed testimony of their participation in the detention, torture, and execution of Commander Everardo and other clandestine prisoners.

After collecting Cabrera's information, Arango returned to the country to request judicial authorization to exhume Bamaca's remains, which are supposedly buried on a military installation in San Marcos.

Upon his return from Washington, Special Prosecutor Arango Escobar said he met with former guerrilla Cabrera for over nine hours and that the Bamaca case could be in the next few hours. [sentence as published]

He said that even though he could not predict whether the exhumation, which will resume tomorrow in La Montanita, San Lorenzo, San Marcos, will be conclusive, it is possible that the remains are there. [sentence as published]

Arango explained last night upon his return that due to the brevity of his 48-hour trip, he was unable to meet with Robert Torricelli but assured that this would in no way vary the results of the investigation because the U.S. congressmen is not a witness in the case.

Military Members Implicated by Santiago Cabrera:

- Infantry Colonel Julio Roberto Alpirez
- Infantry Col. Hector Rene Perez Solares
- Infantry Col. Rolando Edeberto Barahona
- Infantry Lt. Col. Julio Alberto Soto Bilbao
- Artillery Major Mario Ernesto Sosa Orellana
- Infantry Maj. Ulises Noe Anzueto Giron
- 2d Infantry Captain Edwin Manuel Lemus Vasquez
- Specialist Simeon Cum Chuta
- Specialist Margarito Sarceno Medrano

Implicated Officers Question Prosecutor's Competence

PA0906015495 Guatemala City Telesiete Television in Spanish 1900 GMT 8 Jun 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Prosecutor General Ramses Cuestas has said that the officers involved in the Bamaca case have asked him to drop the investigation. [Begin Cuestas recording] The implicated officers yesterday spoke to me questioning the special prosecutor's competence. I have to determine how far this situation will affect the investigation's progress. This is why the action I should have taken today was postponed for a few days later, this is to say, early next week. [end recording]

Prosecutor Has 'New Elements' To Solve Bamaca Case

PA0906020095 Panama City ACAN in Spanish 1924 GMT 7 Jun 95

[FBIS Translated Text] Guatemala City, 7 Jun (ACAN-EFE) — Prosecutor Julio Arango, who is investigating the murder of Guatemalan guerrilla Efraim Bamaca, hopes to resolve the case with the "new elements" provided to him in Washington by former rebel Santiago Cabrera.

Arango visited the U.S. capital on 5 and 6 June to meet with Cabrera, who claims to have seen Bamaca alive in July 1992, four months after his alleged capture by the military.

The Guatemalan Army, nevertheless, maintains that the guerrilla, who was married to U.S. Attorney Jennifer Harbury, died in combat in March 1992 in the southern Retalhuleu Department.

The Guatemalan special prosecutor today described his meeting with Cabrera as "positive" because, he said, Cabrera contributed "new elements" that will allow him to continue the investigation and solve the case.

According to Arango, the former Guatemalan rebel confirmed to him that he saw Bamaca alive and he identified nine soldiers allegedly involved in the arrest and torture of the "commander" of the Revolutionary Organization of the People in Arms' (ORPA), one of the groups that form the Guatemalan National Revolutionary Unity (URNG).

One of the soldiers accused is Colonel Julio Roberto Alpirez who, according to Robert Torricelli, the U.S. democratic congressman from New Jersey, is one of the people responsible for the guerrilla's assassination,

which took place while Alpirez was on the U.S. Central Intelligence Agency (CIA) payroll.

Arango said that one of his priorities will be to request the exhumation of an alleged body that is lying in a grave near the Cabanas military detachment in La Montanita Village, in the northwestern San Marcos Department. He also disclosed that eight days ago, the place where Bamaca's remains are believed to be was filmed.

Bamaca's wife is determined to search underground for her husband's remains, which were buried "somewhere" in Guatemala, to give him a "decent" burial.

Harbury, who is visiting Guatemala, said that she will request that the body be exhumed (near the Cabanas military headquarters) to find out whether or not it is Bamaca's.

Harbury commented that she expects the exhumation to take place "as soon as possible" because if the body is not at that site she will look for it elsewhere until she finds it and gives it the "decent burial that every human being deserves."

Arango did not dismiss the possibility that the case may be solved within the next few days, but he declined to say whether or not the exhumation will be a determining factor in finding Bamaca's body.

Defense Minister Denies Existence of Clandestine Jails

PA0706130195 Guatemala City Televisiete Television in Spanish 1900 GMT 6 Jun 95

[From the "Channel Seven News"]

[FBIS Translated Text] Defense Minister Mario Rene Enriquez has referred to the claims of various sectors that are reporting on the existence of clandestine jails.

[Begin recording] [Enriquez] I have always said, I have always confirmed, confirm now, and will continue to confirm that there have been no clandestine jails in Guatemala.

[Unidentified reporter] These documents affirm that there have been clandestine jails.

[Enriquez] They can say that, but the minister says no. They can say that. That is precisely why investigations exist. If we all agreed on what was said about something, or about someone, then why would there be a need for any investigations? I believe that one of the things that should satisfy, not the anxiety, but the pretense [2-second break in reception] clandestine jails. I believe that claim has been weakened because Minugua [United Nations Mission for Guatemala] has visited all

the military commands specifically to find out about that, since there have been so many accusations.

There are places where they have raised camps and after seven months of being there, there is nothing there. We have to be careful not to speak in this way, because it could be that a clandestine jail could be interpreted by them as a military installation, or a military installation could be said to be a clandestine jail. The Honor Guard, [indistinct words] Chavala, Peten headquarters, it could be, but in reality there is none.

What I can tell you is that, after 34 years of fighting, it seems as though we are reaching the end of this conflict, and much dirty linen is being brought out into the sun. [end recording]

Enriquez also referred to the case of the returnees to San Antonio Ceja, who complained that civilian self-defense patrols prevented them from moving about freely.

Enriquez said that [2 second break in reception] situation has been resolved, waiting for a group of neighbors from that location to accept the fact that 23 families have joined the population, so that their return can be peaceful and stable.

Nicaragua

Sandinist Faction Condemns Helms Bill Restrictions

PA0806180495 Managua BARRICADA in Spanish 7 Jun 95 p 2

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] The Sandinist faction led by former Nicaraguan President Daniel Ortega Saavedra yesterday submitted a bill to the Assembly condemning restrictions proposed by Senator Jesse Helms in the U.S. Senate as prerequisites for approval of U.S. financial assistance to Nicaragua.

According to the Helms bill, the secretary of state, the secretary of defense, and the CIA director should periodically certify Nicaragua's political conditions so the country can obtain some sort of good conduct certificate to qualify for U.S. financial assistance.

According to the Sandinist legislators' bill, these restrictions are an attempt by one state to subordinate another, which is condemnable from every point of view.

The certification mentioned in the Helms bill refers to seven points involving the Nicaraguan Armed Forces. According to the Sandinists, these points constitute an attempt "to irresponsibly link the Army to terrorist groups and activists and to implicate its members in murders and punishable activities."

The restrictions Sen. Helms is trying to impose would raise the Nicaraguan Tripartite Commission to the rank of Superior Court, while making financial assistance conditional upon the return of properties to alleged U.S. citizens.

According to the Sandinist bill, Helms' restrictions would also affect how state institutions relate to one another and therefore constitute open meddling in the functions of the Nicaraguan Judicial Branch.

Panama

Col. Hugo Chavez: Venezuelan Coup Being Prepared

PA0806162595 Panama City ACAN in Spanish
2118 GMT 7 Jun 95

[FBIS Translated Text] Panama City, 7 Jun (ACAN-EFE) — Retired Colonel Hugo Chavez, leader of two military insurrections in Venezuela, asserted in Panama City today, that "a son-in-law" of Venezuelan President Rafael Caldera is preparing a coup d'etat, together with a group of "corrupt generals" who want to implement a radical neoliberal program.

Chavez, who made a stopover in Panama on his way to El Salvador where he will lecture on democracy, did not identify the "son-in-law" of the Venezuelan president but said the coup is ready to go "any moment now" and warned that "I will combat it with weapons" if it happens.

"The political system in Venezuela is rotten, gangrenous. It cannot be fixed because there is no will to combat this evil. That is why we propose to summon a Constituent Assembly to recast the bases of the Republic," the retired colonel said in a news conference.

The leader of the self-styled "200 Revolutionary Bolivarian Movement" asserted that he is against giving a military solution to his country's problems but, at the same time, warned that he does not dismiss the possibility of taking up arms again to back a people's insurrection against Caldera's "traitor" government.

The last report issued by the Venezuelan Comptroller's Office indicates that there is more corruption today, than in the previous administration of Carlos Andres Perez, Chavez stated. He also admitted, as has been asserted by the U.S. DEA, that his country is a "bridge" for Colombian drug-trafficking activities.

That is why "we are at war against Caldera's government that is nepotistic, undaring, and ineffective," the

officer added. He insisted that "military men are not made to rule" and said he does not have presidential ambitions.

According to the former officer, politicians, generals, and those close to Caldera are linked to drug trafficking and to the widespread corruption, creating a "chaotic situation."

He recalled that 60 percent of the Venezuelan population is poor, the minimum wage does not cover half the cost of the family basket, and 20 percent of the population is unemployed. Thus, he did not discard the possibility that civilian or middle and lower ranking military personnel start "an insurrection due to hunger."

In Panama, Chavez met with legislator Gerardo Gonzalez, who is the president of the governing Democratic Revolutionary Party, and former Panamanian officers to whom he expressed his "concern for the possibility that the United States not recognize the Panama Canal Treaties."

In this respect, the Venezuelan officer, who defined himself as a "Bolivarian revolutionary," asked "the authentic Panamanians to think about establishing a modern Armed Forces that will further the country's development and guarantee the sovereignty of the Panama Canal," which is "a Latin American demand."

"Which other country in Latin America needs an army more than Panama when so many vessels pass through the Canal with cargoes of all types? A police force is for the security of the citizens, it is not prepared to assume the task of safeguarding the Canal's sovereignty," he stressed.

This will prevent the United States from extending its military presence here claiming the absence of a military force that replaces its own in keeping with the 1977 Treaties.

He described as "an imperial aspiration" the disappearance of Latin American armies "which were born in the heat of the Bolivarian struggle" and wondered why if demilitarization is valid, the United States or the United Kingdom do not dismantle their armies.

Chavez invited the Panamanian Government, political parties and organized groups to attend a meeting in Caracas on 24 July to prepare the commemoration of the 170th anniversary of the Pan-American Amphictyonic Congress held in Panama in 1826 at the initiative of Liberator Simon Bolivar.

Argentina

Cavallo: 'Absolute Minority' Said Seeking His Dismissal

*PY0806195195 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1200 GMT 8 Jun 95*

[FBIS Translated Text] Buenos Aires, 8 Jun (NA) — Economy Minister Domingo Cavallo said today that "there is an absolute minority, some of whom are holding high position, that wants me to leave" the Economy Ministry, but he stressed that he has the support of President Carlos Menem, and he will "not give up."

He stated that at any rate, if he has to leave his post, "I am going to be sure that the person who takes over will have an even stronger position" than he and his current team have.

In remarks to Radio America, Cavallo said that "if they install (Ricardo) Lopez Murphy or Roberto Alemann in the position, then I will leave with an easy mind, because I know that their arms cannot be twisted."

Economy Minister Denies Nonpayment of External Commitments

*PY0806155395 Buenos Aires TELAM in Spanish
1219 GMT 8 Jun 95*

[FBIS Translated Text] Buenos Aires, 8 Jun (TELAM) — Economy Minister Domingo Cavallo has stated that the rumors that circulated abroad on 7 June indicating the possibility that Argentina would not comply with its international commitments are not true.

"It is something startling and has no serious basis because the only thing we ordered was a delay in local non-financial payments in order to be able to comply with the financial payments," he said on 7 June during a toast on the occasion of Journalists Day at the Economy Ministry.

On 7 June, these rumors, picked up by foreign news agencies, caused a 4.5 percent decline in leading shares on the Buenos Aires Stock Exchange, thus leading to a cumulative decline of 10 percent over a two-day period.

"It is scary the way some analysts reason," Cavallo said, and he said he believes the rumors and the stock exchange ups and downs "are influenced by Congress," referring to the disagreement over the Patents Bill between the executive branch and Congress.

"I suppose the analysts thought that after the robust electoral victory, the laws that were in Congress would be approved very quickly and there would be a 20 percent increase (in shares and others).

The minister confirmed that he had invited bankers and businessmen to the Bank of the Nation this afternoon at 1800 [2100 GMT], but he avoided saying whether he would announce any measures.

"We will see, we will see," he answered enigmatically, and he added: "I am going to give information, but I want to check it out first."

In view of the insistence of the journalists, he said: I am going to point out how the private sector can have it better" under current circumstances.

In front of his guests, Cavallo told Public Income Secretary Carlos Tacchi that the Senate will not approve condoning the social security debts of autonomous workers.

Instead, and in a critical tone, he said that at this time of a lack of liquidity, "Congress today approved a postponement of the Union Co-reponsibility Agreement for the areas that currently have the greatest liquidity, such as the cotton, tobacco, and sugar sectors."

He explained that this implied that those sectors "can continue to retain the social security contributions that are discounted from the workers for a six-month period without depositing them" into government accounts.

Regarding the provinces, he stated that the government "will not give additional guarantees or help" to any province because "they have to help themselves through privatizations" because "there is no other solution."

Foreign Minister Comments on Falklands, Oil Talks With UK

*PY0806153395 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1212 GMT 7 Jun 95*

[FBIS Translated Text] Buenos Aires, 7 Jun (NA) — "It seems that the president (Menem) has made a mistake.... and it is in 1997." Thus with this remark, Foreign Minister Guido Di Tella optimistically left open the possibility that Argentina could recover sovereignty over the Malvinas Islands three years before the year 2000, as the president had predicted.

In this respect, he justified his prediction in view of the possibility that in 1997 there will be a British Government with an ample majority in Parliament, and that this would help in terms of a greater opening in Britain's position on the matter.

"A majority does not, in and of itself, ensure the desire to negotiate. No, it opens the possibility for negotiations, because in general the British authorities do not want the matter to be discussed, since it is bothersome and means running a risk," he said.

Di Tella expressed this possibility in an interview published in today's issue of the Buenos Aires morning newspaper PAGINA/12. The interview was held in London, where he "is on a working visit," according to his explanation and to differentiate it from an official visit, to evaluate with his British colleague, Douglas Hurd, the negotiations regarding oil exploitation in the South Atlantic.

In this respect, he stressed that the discussions with the British are at the "fifty-fifty" [numbers in English] level; in other words, "there is a 50 percent chance that no agreement will be reached and a 50 percent chance that something will be ironed out."

He also believes that as partial agreements are achieved, the negotiations will become more complicated because "the more we advance, the more difficult the problems that arise."

This notwithstanding, he stressed that the government is going to implement a policy of "elasticity and flexibility" during the talks in order to try to achieve a solution.

"But, we are not going to accept any type of formula that will compromise our political demands," Di Tella warned, because he believes that "they (the British) also do not want to do anything that will imply any type of political commitment."

He also stated that his position on this matter is that "he will not accept any type of imposition by the United Kingdom obligating Argentine companies to pay oil royalties to that country."

Finally, Di Tella insisted on maintaining, to the greatest extent possible, the viability of recovering sovereignty over the Malvinas through the paying of an indemnity to the inhabitants of the islands.

"Of course," the foreign minister answered when he was asked if that initiative still stands. He added that "the president has said so clearly; it is a possibility."

"We believe that it is an alternative, and if it is brought up, we are willing to discuss it," he said.

Brazil

Senate Approves Gustavo Loyola Central Bank President

PY0906022295 *Brasilia Voz do Brasil Network*
in Portuguese 2200 GMT 8 Jun 95

[FBIS Translated Excerpt] The Senate has approved Gustavo Loyola's appointment to the Central Bank [BC] presidency. This morning Gustavo Loyola was questioned by the Economic Affairs Committee of the

Senate. The committee congressmen approved Loyola's appointment for the BC presidency by 24 votes in favor and 2 against. The questioning lasted over four hours. [passage omitted]

Commentary Views Reasons for Arida's Resignation From BC

PY0706165995 *Sao Paulo FOLHA DE SAO PAULO*
in Portuguese 2 Jun 95 Section 1 p 5

[Commentary by Janio de Freitas: "The War Denouement"]

[FBIS Translated Text] Persio Arida's removal from the Central Bank [BC] presidency is not a self-explanatory fact. It goes beyond this mere fact and is undoubtedly the first event of paramount importance produced by Fernando Henrique Cardoso's administration. Arida's estrangement represents an extremely swift victory of the political parties' interests in the almost secret war declared against the Real Plan for technical reasons or, to phrase it differently, in the war against the administration's decision to make the anti-inflation effort a priority.

To make this event possible, Cardoso's attitude had to undergo a radical change. Since his installation as finance minister exactly two years ago, Cardoso became the paladin of the supremacy of strictly technical criteria over political and even social criteria. He extracted political actions from the results of this position, but now he has reversed his position and moved the supremacy of technical objectives to the political objectives area. This is what resulted in Arida's removal.

The reasons presented for Arida's estrangement — from the "strictly personal motives" to his voluntary decision and from clashes with [Sao Paulo Governor Mario] Covas to the entrepreneurs' rejection of the interest rate levels — may all have contributed to his replacement. There are doubts, however, as to whether any of these reasons was sufficient in and of itself to be a determining factor in his removal. There seems to be more to the issue than meets the eye. As is the case with smoldering volcanoes, fire has been burning beneath the surface.

In early May, the PMDB [Brazilian Democratic Movement Party] governors began to coordinate a group to exert pressure on the government and make it reconsider the state administrations' obligation to pay, annually, 11 percent of their debt to the central administration, which totals 17 billion reais [R]. Sao Paulo, with a debt that exceeds 50 percent of the overall debt; Ceara; Rio Grande do Sul; Maranhao; Rio de Janeiro; Paraiba; Rio Grande do Norte; Bahia; and, in particular, Piaui proposed study

of a new system to roll over their debts. In a meeting with President Cardoso on 23 May, representatives of some of these states committed the president to asking the Finance Ministry for patience toward the states that failed to pay for the debt as agreed upon.

Cardoso himself had demanded this payment agreement, which had a notorious political cost for then President Itamar Franco, because it was fundamental for the federal government finances and for the new financial relations between the federal and state administrations. [Finance Minister] Pedro Malan and Persio Arida immediately protested the violation of the payment agreement. President Cardoso cited political reasons, and gave them supremacy over the technical ones. The BC and the Treasury Secretariat were to immediately begin studying ways to give shape and form to Cardoso's compromise involving patience.

The PSDB [Brazilian Social Democracy Party], which inflexibly supports the need to privatize state-owned companies when these are part of the federal assets and has considered the possibility of punishing and even expelling its eight congressmen who do not radically defend the issue, opposes privatization of state-owned companies that are part of their states' assets. Governor Mario Covas thus became part of the front created to oppose privatization of the state banks. He was the visible part of this front.

The PSDB also organized fronts against this sort of privatization — which Arida, other Real Plan architects, and, until recently, President Cardoso himself deemed indispensable — in Rio Grande do Sul, with the participation of Governor Antonio Britto, who is extremely in favor of privatizations (although a member of the PSDB, Britto is still a disguised member of the PMDB); in Rio de Janeiro; and in all other states having PSDB governors. Since his inauguration, however, Cardoso has begun to believe that political motives prevail over the opinion of the Real Plan administrators (the draft bill on presidential reelection is on the constitutional reform agenda).

The interest rate problem, as well as other problems, also influenced the change, but Cardoso's new attitude regarding the state government debts and the state banks was enough to make Arida's strict faithfulness to the fundamentals of the Real Plan and the anti-inflation fight incompatible with the government's new position.

Arida's estrangement is not due to this fact only, or to the fact that he was the last formulator of the Real Plan policies to remain in the government. Perhaps Arida's removal also presages a new government position that makes political motives prevail over technical criteria.

Commentary Views PSDB's Role Regarding Reforms

PY0806133595 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 2 Jun 95 Section 1 p 3

[Commentary by Federal Deputy Jose Anibal, Brazilian Social Democracy Party, PSDB, leader at the Chamber of Deputies]

[FBIS Translated Text] Brazilian political institutions — particularly Congress — are showing great vitality. Although tortuous and sometimes surprising, the political process has shown that broad freedoms and full political participation favor the implementation of an administrative reform and the stabilization of the economy.

Thanks to democracy it is possible to coexist with a serious labor conflict like the oil workers' strike and, almost simultaneously, reform the national economic order — which includes easing the oil monopoly.

The steps now being taken by the federal government, with the support of Congress, transcend this crisis. The reforms proposed by President Fernando Henrique Cardoso on the economy, government assets, taxes, public administration, and social security will allow the country to overcome obstacles that have halted its development. Without these reforms, it will be impossible to ensure a lasting economic stabilization or resume growth with a better distribution of the national income.

It has never been easy to harmonize democracy and development, as our national history clearly shows, but to be able to reform the government under a regime of broad freedoms is unprecedented. It comes as no surprise, therefore, to realize that the political game has become so confused that politicians who were opposition members during the authoritarian regime are now the main adversaries of reform.

Lula [Luiz Inacio da Silva], [Leonel] Brizola, and [Orestes] Quercia intransigently defend a government model that appeared during the dictatorship of [Getulio] Vargas, and was consolidated by the military presidents following the 1964 coup. Stagnant, these people adopted a clearly conservative position.

President Fernando Henrique Cardoso's option has been made legitimate by the ballot boxes and follows the new international reality. As a result of an increasing globalization of the economy and the progressive democratization of international politics, the old national-autarktic role model has become drained of any significance. The end of bipolarity in international relations and the third industrial revolution have extinguished any chance for

this model to survive. The opposition insists on defending this model that has been surpassed by recent developments.

The reforms already set into motion must now be analyzed from a strategic perspective. They will not be the exclusive achievement of the Cardoso administration or his allies: They are demanded by our times and call for efforts by society and a whole generation.

Successive administrations with reformist and modernizing views must continue to implement them. Only a enduring, lasting effort by political and social forces committed to development and democracy will solve the nation's main structural problems.

Brazil has continental dimensions and an open culture, as well as an important industrial sector and a modern agricultural industry. Yet its efforts to join the international market have encountered infrastructural bottlenecks that require large investments.

The government cannot solve these problems on its own: Only in partnership with private Brazilian and foreign initiative can it adequately solve these infrastructural problems.

Massive investments are essential in the fields of energy, transportation, and telecommunications to solidly expand our industry, agriculture, and services, and thus ensuring complete development and a modern economy.

Similarly, structural problems in the areas of health, education, urban transportation, and cheap housing cannot be solved vertically. Efforts to ensure a continued improvement in the standard of living of the Brazilian people demand a broad social mobilization and large public investments, which can only be performed within the context of economic recovery.

Currently, only emergency initiatives — like the Community in Solidarity program — can be implemented. Although restricted to the areas of absolute misery, these initiatives show a new way to administer public resources and establish cooperation between the government and the community.

This perspective presupposes a very clear and daring PSDB policy of alliances which requires the consolidation of the political bloc that won the elections and now guarantees the approval of the constitutional reform at the National Congress.

Commitments made during the approval of these reforms go beyond ensuring appointments to public positions and temporary electoral interests. They are the start of a long-term partnership — both pluralist and programmatic — which is being developed at the regional level.

The concrete performance of parties in Congress and their behavior toward the government in this process must be considered. It is immediately evident that the PSDB must review its role as a social-democratic party. The reasons for the party's creation remain valid, but the PSDB program — which offers a new alternative of power — have been surpassed by administrative responsibilities and the reforms.

The exercise of power demands cohesion and firmness from the PSDB and must be based on a clear and consistent platform. To do this, the party calls for a programmatic adjustment. In its alliance with the liberal wing, the PSDB cannot dispense with a new alternative of democratic renewal, sustained development, and the decision to fight social unfairness.

Article Views Efforts To Revive Nuclear Program

PY0806145395 *Sao Paulo O ESTADO DE SAO PAULO in Portuguese* 4 Jun 95 p A16

[Article by Jose Casado]

[FBIS Translated Excerpt] It was the "deal of the century," for Brazil, the purchaser, and for Germany, the supplier. And it was actually so, but only for banks and for German equipment manufacturers, who freed themselves from bankruptcy.

Twenty years have passed. By official estimates, expenses reached \$12 billion. Today the only thing the Brazil-Germany Nuclear Agreement can produce is sulphuric acid, a corrosive liquid sold in drugstores (19 reals per liter). The technology for production of this acid has been known since 1875. In Brazil, it was mastered 105 years ago.

The state-run factory built in Pocos de Caldas (Minas Gerais), next to the uranium mine, has just sold 200,000 tons of sulphuric acid for delivery over the next 24 months. "We are trying to save part of the nuclear agreement, and this is the best result obtained thus far," says Brazilian Nuclear Industries (INB) President Roberto de Franca. For the past 24 months he has managed what is left of what was the most important part of the nuclear agreement, the fuel cycle.

The country continues to pay \$500 million annually for the German package, with eight nuclear plants. If put together, their power would be equivalent to two Itaipu power plants. The agreement, however, has never produced a single kilowatt.

"Yet if those eight plants were operating, we would also have a serious problem, an enormous energy excess," says Sao Paulo Energy Secretary David Zylbersztajn. "The country would have another 10,400 megawatts of

idle installed capacity, representing tens of billions of unused dollars."

To a considerable extent, the Brazilian nuclear program was the result of a number of national energy plans, in which consumption was overestimated while periods and cost were underestimated.

The agreement was primarily the result of an association of domestic and foreign entrepreneurial interests, and the national security dogma created by the military regime. It ended up in an unprecedented fiasco.

It is practically buried in the immense hole opened for the Angra II power plant, in Angra dos Reis, Rio de Janeiro. Parts of the plant have been assembled, while others are being sold as junk. Others have not even been unpacked: Equipment parts have been waiting for 15 years at three ports on the Hamburg-Rio de Janeiro route. Storage costs average \$40 million annually.

Some people would like to revive the agreement, as of this week. The state-run company Furnas Electric Power Plants, Inc. has set 7 June as the date for opening the envelopes with proposals for completion of the Angra II power plant.

This means the opening of a new account of nuclear expenses for the immediate future, while the accounting records of the recent past are not available: Up until today, not even the government knows the exact amount of money that was buried in the Angra II hole.

Furnas, the organization that is responsible for the project, estimates that expenses so far stand at \$4.7 billion. Eletrobras [Brazilian Electric Power Company, Inc.] and the National Accounting Office (TCU) believe that Angra II has already cost 40 percent more, because of loans.

Furnas estimates that spending an additional \$1.3 billion would make Angra II start operating in 1999. There are doubts about it. "What we have is a lobby seeking the resurrection of the nuclear program," Zylbersztajn says.

Two years ago, he coordinated a study on Angra II by the Sao Paulo University: "Will that money really be sufficient? A lot has already been spent. Is it necessary to spend another huge sum? The country would just be financing the German nuclear equipment industry, whose expectations failed."

The emblem of the Brazil-Germany agreement is the 40,000 metric tons of equipment spread over Sao Paulo and Rio de Janeiro in INB storage facilities. Having no use for most of it, the state-run company started to unpack it in order to sell it. As junk.

The company has already done the same with non-contaminated pieces in its storage facility in Santo

Amaro, southern Sao Paulo, where it processed and kept radioactive materials.

The company is now getting ready to sell as junk 40 percent of the uranium enrichment plant installed in Resende (Rio de Janeiro). This is the core of the deal with Germany: The uranium enrichment technology through the jet nozzle process, which was bought for \$450 million. Says the INB president: "In terms of volume, only 65 percent of the equipment can be sold." [passage omitted]

Funds Given to IPEN To Strengthen Security System

*PY0706144595 Sao Paulo AGENCIA ESTADO
in Portuguese 1706 GMT 6 Jun 95*

[By Tania Malheiros]

[FBIS Translated Excerpt] Rio de Janeiro, 6 Jun (AE) — The Planning Ministry has transferred 1.65 million reais to the Institute for Nuclear and Energy Research (IPEN), in Sao Paulo — where two possible sabotage cases involving iodine-131 (a radioactive element) were reported in one month — in order to reinforce the security system of the institute. The funds, which are part of the National Nuclear Energy Commission (CNEN) budget, were not scheduled to be released at this time. According to a government source, the two cases involving iodine-131 prompted the decision.

Part of the funds will be used for modernizing the production of radioisotopes (which are used in medical centers and in hospitals for cancer and thyroid treatment, for example). The request for the funds was submitted by Strategic Affairs Secretariat (SAE) head Ronaldo Sardenberg to Planning Minister Jose Serra. This year, the first accident involving iodine-131 was detected at IPEN on 2 May, when four persons were contaminated. The second, which was detected on 30 May, contaminated three people. In both cases, the radioactive material was removed from an area and then spilled into another. This has strengthened suspicions of sabotage.

Those are the most recent cases. In April 1994, however, 11 IPEN officials were removed because they showed thyroid function alterations after consuming excessive conventional iodine for some years. In addition to the investigations begun by the Federal Police, IPEN and CNEN created commissions to carry out internal investigations of the cases. [passage omitted]

Analyst Views 'Nuclear Explosive Artifacts'

PY0806210795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jun 95 p A8

[Article By Jose Casado]

[FBIS Translated Excerpt] The word artifact comes from the Latin (*arte factu*). The Aurelio dictionary gives its definition as "made with art," and the word is used to refer to any industrially produced object. "Nuclear explosive artifact for peaceful purposes" is the Armed Forces commanders' preferred euphemism. It has been used in Itamaraty documents that define the position and objectives of Brazil in the research, production, and use of nuclear energy.

Over the past 15 years, every effort has been made in Brazil to produce the "artifact." For example, over the past 11 years, more than \$2 billion have been spent on secret Army, Navy and Air Force projects. There was a real nuclear frenzy, framed over the Brazil-Germany Nuclear Agreement, which has not produced a single kilowatt but which has thus far cost the Treasury \$12 billion.

Only one of these projects — the Navy project — did not fail. The Navy managed to enrich uranium using the old ultracentrifuge process. Until last year, the Treasury had spent \$670 million on this project.

Plutonium, which is obtained from enriched uranium, is the vital element for producing a "nuclear explosive artifact." The project succeeded at the laboratory level to a maximum enrichment of 20 percent, so far. To produce nuclear explosives it is necessary to have uranium at a concentration of 96 percent.

That was the only real progress until last year when a bureaucratic dispute resulted in virtual discontinuation and the threat of dismantling the project. The engineering team was dismantled and hundreds of technicians were dismissed. After enjoying 15 years of absolute investment priority, the project was downgraded: This year its highest mention on the Navy budget allocation list is in 17th place.

This is an exemplary and recent example of the loss the country continues to accumulate because it insists on having no policy for the scientific sector, not even a development project.

The bureaucratic struggle behind the scenes focused on the course of the project. For a while its objective was uranium enrichment; then the objective became one of its products — the construction of a reactor for a national nuclear submarine.

The Navy project men are: Admiral Ivan Serpa, who was Navy minister during the Itamar Franco govern-

ment, and Vice Admiral Othon Luiz Pinheiro da Silva, who presided over the Navy Coordination Center for Special Projects (Copesp) — the organ responsible for the uranium enrichment program.

There were all sorts of factors in the dispute. In the administrative area, tens of employees were evicted from official residences. In Rio de Janeiro, orders were issued to remove fences from lots owned by Nuclep [Nuclebras Heavy Equipment, Inc.] — the state-run company created to assemble the power plants of the Brazil-Germany Nuclear Agreement. The nuclear program failed, but Nuclep is still alive.

Even the Navy secret service was involved. It was engaged in the surveillance and monitoring of officials on the streets of Sao Paulo. One of those incidents became a police case. In June 1993, the Sao Paulo Military Police arrested two Navy Intelligence Center (CIM) agents, Second Sergeant Katia de Assis Guimaraes and Corporal Marcelo Ferreira Miranda. These armed agents were following a vice admiral who headed Copesp. The "incident" ended up in the Navy archives.

A piece of equipment called a ultracentrifuge is behind all this. [passage omitted]

In the second ultracentrifuge process, uranium is enriched to 20 percent. This is the normal level of concentration for scientific research reactors and propulsion systems, like those in submarines. The Navy did not go beyond this concentration level: Yet.

This is more a political than a technological matter. Uranium concentration increases each time it passes through the ultracentrifuge system. The third ultracentrifuge process produces a concentration of 70 percent. The fourth yields more than 90 percent, right use in the production of artifacts like bombs and missiles. "We have the capacity to do it, if the political decision is made," Silva says.

The Navy currently has 935 ultracentrifuges, all of them at the Ipero research center (Sao Paulo). A master plant needs at least 8,000 ultracentrifuges. [historical passage omitted]

When the Ernesto Geisel government signed the Nuclear Agreement with Germany, in June 1975, the Navy began to discuss its first secret nuclear project: The construction of a ship, based on a German model named after scientist Otto Hahn. Negotiations were made with Iteratom, the German builder, which participated in the nuclear agreement as "container manufacturers."

Four years later, when there was tangible evidence of the failure of the jet nozzle uranium enrichment technology — which was the cornerstone of the agreement — the

Armed Forces opened laboratories along the Rio de Janeiro-Sao Paulo axis, seeking alternative methods.

That was at the beginning of the General Joao Figueiredo government when absolute priority was given to military programs. The Navy chose the ultracentrifuge process in cooperation with the Institute of Nuclear and Energy Research of the University of Sao Paulo, which since 1976 had been working on the production of uranium gas (hexafluoride). The Army chose the graphite system, implemented in Rio de Janeiro.

The Air Force implemented two coordinated, simultaneous projects at its research centers in Sao Jose dos Campos, in Sao Paulo. One was for uranium enrichment with a laser. It was known as Sepila, an acronym for laser isotropic separation. The other was known only by its code name — Solimoes. During the Fernando Collor government there were indications that the Solimoes project included — in addition to producing an "artifact" — several subprojects, among them test facilities at the Cachimbo mountain range, in an area the Air Force selected in the 1970's.

General Danilo Venturini, executive secretary of the National Security Council during the Figueiredo government, said: "Solimoes was the exclusive responsibility of the Air Force," adding that "the project could have been used to develop an artifact. This does not excuse the Air Force; it does not mean the Air Force could not have produced an artifact. It is a specialized force that specializes in bombs. Yet I am not saying it did produce one."

He said: "Our position was strong and firm," continuing: "The guideline was to develop even the ability to detonate nuclear explosives for peaceful purposes. Brazil reserved this right. Look, an artifact is one thing, while a weapon is something else."

The National Intelligence Service (SNI) used six out of each 10 dollars earmarked for the projects. It started doing international businesses. For example, in 1984 the Navy needed enriched uranium to start the first three ultracentrifuge prototypes that it had just built. The SNI looked for the material around the world.

It obtained 220 kg of uranium of various concentration levels (3.5, 12 and 20 percent) from China. "I received 180 kg, but I do not know the origin," says Vice Admiral Silva, who headed the ultracentrifuge project. Gen. Venturini said he would not comment on the subject on the grounds that "it is a government-to-government matter: Brazil and China."

The military nuclear frenzy ended up in a rapprochement between the governments of Figueiredo and Sad-

dam Husayn. Encouraged by the government, Brazilian entrepreneurs went to al-Qadhdhafi's Libya and to Iraq offering conventional weapons and proposing partnerships.

Husayn was Brazil's main oil supplier in the Middle East. At the beginning of the Figueiredo government, impressed by the Brazilian possibilities stemming from the agreement with Germany, Husayn sounded out Brazil for a supply of natural or slightly enriched uranium, reactor technology, and machines and technician training. The SNI, the Armed Forces, and entrepreneurs became enthusiastic.

They first offered Iraq 200 tons of natural uranium and some yellow cake (concentrated mineral) that was at the National Nuclear Energy Commission storage facilities. Negotiations produced a huge package for the production of missiles, "artifacts," and nuclear reactors in Baghdad, including prospecting for uranium and the construction of a nuclear plant in the Somalia desert.

Two former Nuclebras officials were encouraged to create Minerart Tecnologia Mineral Ltda., in Rio de Janeiro, to implement a mining project in the Ogden desert. Iraq was to finance the project though the Arabian Mining Co (Armico).

Enterprises like Odebrecht, Andrade Gutierrez, and consulting firms like Natron were summoned. "In the final analysis, we always thought the objective of the Iraqi nuclear program was the production of a nuclear bomb," said Natron manager Paulo Brandao in an interview with JORNAL DO BRASIL six years later. The SNI even sponsored — underground — an aerophotogrammetric survey of areas of that desert, using a Bandeirante plane. The operation ended in a serious diplomatic incident, which was then overcome.

During that period, the military adventure had drastic effects on the use of public funds for scientific research and development projects. One Unicamp [Campinas State University] study states that official figures indicate that over the past 15 years more than one third of public funds went on those projects. The productivity level of this capital was 10 times less than in other countries.

Unicamp's Strategic Study Group researcher Roberto Dagnino concluded that during the military regime's euphoria, only \$1 returned from each \$100 spent in the projects. Government accounts are completely imprecise, because there were all kinds of things going on — from secret accounts to payments for technology smuggled with raw materials.

The search for international agreements continues. An agreement with Russia was signed last year. A few

months ago, a package was agreed upon with Russians, Germans and others for rendering nuclear services to Cuba. Two weeks ago, Washington protested. In an unusual gesture, it resorted to irony. The State Department said it has doubts about the "quality of construction" in Havana.

Chile

Banco de Chile Branch in Santiago Bombed

PY0806143395 Madrid EFE in Spanish
1403 GMT 8 Jun 95

[FBIS Translated Text] Santiago, 8 Jun (EFE) — The Carabineros reported on 8 June that a dynamite charge went off at a branch of Banco de Chile in the Motta neighborhood of Santiago.

The explosion took place at a time when there were practically no people on the streets, and it severely damaged the facade and windows of the building. No one has claimed responsibility for this bombing.

The Banco de Chile is the largest private bank in Chile.

Supreme Court Reduces Sentences for Contreras, Espinoza

PY0706034995 Santiago Universidad Catolica
Television Internacional in Spanish
0100 GMT 7 Jun 95

[All names identified by screen caption]

[FBIS Translated Text] The Supreme Court ruled tonight that the sentences against retired General Manuel Contreras and Brigadier Pedro Espinoza should take into consideration the one year and 11 days they were detained in view of the extradition process conducted in 1978.

In so doing, the Fourth Chamber of the Supreme Court, which sentenced Gen. Contreras and Brig. Espinoza to seven and six years in prison respectively for their involvement in the assassination of Orlando Letelier, unanimously accepted the appeals to rectify or clarify that were submitted by their respective defenses.

[Begin recording] [Supreme Court Secretary Carlos Meneses] It has been decided to accept the appeals that were submitted. Thus it has been decided that in addition to the time that has already been recognized in their favor, those indicted will also benefit from the entire time they were detained in view of the extradition case.

[Unidentified reporter] Which is the proceedings dating back to 1978. How much of this time will be taken into consideration in their favor?

[Meneses] The court ruling states that they will benefit from a total of 376 days, in addition to the days they

spent under detention in the case handled by Judge Banados.

[Reporter] Which totaled three months.

[Meneses] That is correct, three months. [end recording]

Supreme Court sources reported tonight that the second instance ruling issued against Gen. Contreras and Brig. Espinoza still stands, but that for all practical purposes they have already served one year, three months, and 11 days of their respective sentences because of the time they were detained.

Moreover, Gen. Contreras' attorneys, Sergio Miranda Carrington and Carlos Portales, have appealed the Supreme Court ruling. This appeal aims to impugn the second instance ruling issued by the Fourth Chamber of Supreme Court.

[Begin recording] [Carlos Portales] It is an essential right, because any Chilean citizen is entitled to due process of law. Even a chicken thief is entitled to appeal an upper court ruling. We thus believe it is perfectly acceptable to submit this appeal requesting a revision by all the chambers of the Supreme Court.

[Reporter] You are also making other requests?

[Portales] We are also requesting other things of a procedural nature, such as halting court procedures in compliance with Article 539 of the penal code.

[Reporter] Does this mean that you are requesting the suspension of the sentence ruled by the second instance court?

[Portales] No, but the sentence cannot be executed while appeals are pending.

[Reporter] Is it true that Brig. Espinoza does not want to appeal, and is only awaiting to be notified about the court ruling?

[Miguel Retamal, attorney for Espinoza] Brig. Espinoza has stated that at this time he does not want to submit new appeals, as he is awaiting a decision about the appeal to rectify or clarify. He also decided not to submit a complaint, because we had advised him that it was not according to law. The deadline for submitting a complaint expired yesterday, and none was submitted.

As for an appeal, I believe we must wait to see how the Supreme Court handles the appeal submitted by Gen. Contreras' defense. Brig. Espinoza and his defense will surely make a decision after this is resolved and the court issues a ruling about the appeals to rectify and clarify. [end recording]

The same Supreme Court chamber that issued the second instance ruling will determine tomorrow whether

to accept the appeal submitted by Gen. Contreras' defense.

Commentary: Ruling Step Toward Reconciliation
PY0806153495 Santiago LA TERCERA DE LA HORA
in Spanish 2 Jun 95 p 3

[Commentary by Jaime Gazmuri: "A Historical Ruling"]
[FBIS Translated Text] With just a few days to go before the sentences of General Manuel Contreras and Brigadier Pedro Espinoza are enacted, there is still a lot of tension in Chilean society

Undoubtedly, the unanimous ruling of the Fourth Chamber of the Supreme Court is a historic event that has taken place in a country whose Constitution, judiciary, and Senate are still bound by its political past.

Thus, the sentencing of Contreras and Espinoza for the murder of Orlando Letelier is a step forward and a change that allows the country to regain its confidence in Chilean justice.

The top people in charge of Chile's repressive organizations during the military regime have been tried and punished. For a long time, this had been unthinkable.

This Supreme Court ruling has helped concretize the idea that crimes like the murder of former Foreign Minister Orlando Letelier cannot go unpunished, regardless of circumstances or the prevailing status quo.

After years of waiting, the positive outcome of this trial is proof of the maturity of our democratic system which calls for social coexistence based on equality and respect for the law.

Chile has undoubtedly gone through a tense and difficult situation. Many people did not believe that justice would be done in Letelier's case because high-ranking National Intelligence Directorate officials were responsible for it.

It has been proven, however, that there are no untouchables in Chile, and that people who perpetrated crimes must now stand trial.

The court ruling significantly contributes to the reconstruction of Chilean society, a task that requires reestablishing confidence in the institutions and a reconciliation based on truth and justice.

Supreme Court Rejects Appeal Presented by Gen. Contreras

PY0906012195 Santiago EL MERCURIO in Spanish
8 Jun 95 p A1, A12

[FBIS Translated Excerpt] The Fourth Chamber of the Supreme Court last night rejected the appeals in form and substance submitted by the defense of General

Manuel Contreras, retired. Contreras' defense tried to challenge the ruling that sentenced him to seven years in prison for the aggravated homicide of former Foreign Minister Orlando Letelier Solar. This same ruling also sentenced Brigadier Pedro Espinoza to six years in prison.

The Supreme Court also rejected the appeal requesting the court to revise its decision reducing Contreras' and Espinoza's sentences. This appeal was submitted yesterday by Fabiola Letelier, the Letelier family lawyer. Letelier had appealed the ruling issued by the Fourth Chamber of the Supreme Court, which recognized the time that Contreras and Espinoza served under preventive arrest during the extradition trial requested in 1978 by the U.S. courts. In view of this Supreme Court decision, Contreras' and Espinoza's sentences have been reduced by 376 days.

The members of the Fourth Chamber of the Supreme Court — Servando Jordán (president), Hernán Álvarez, Eleodoro Ortiz Marcos Libedinsky, and lawyer Manuel Daniel — met from 1830 to 1915 to study the appeals.

The Supreme Court chamber also rejected the request submitted by Contreras' lawyers to disqualify Judges Jordán and Álvarez from the appeal case because in press interviews both of them had said that an appeal was contrary to the law. Sources close to the defense explained today, however, that tomorrow they will submit a formal appeal requesting that these two judges be disqualified from the case.

Supreme Court Secretary General Carlos Meneses was assigned to inform the media about the judges' decision. He explained that the grounds for rejecting Contreras' appeals are numerous, but that basically the Supreme Court chamber believed that they were inadmissible in view of the legislation in force.

Meneses added that the appeal submitted by Fabiola Letelier, Orlando Letelier's sister, "was also rejected on the same grounds." [passage omitted]

Meneses added that the case portfolio will be submitted as soon as possible to Judge Adolfo Banados, so that he can issue the ruling to "execute" the sentence. After this, those indicted will have to be personally notified about their sentences so that later they may be imprisoned. [passage omitted]

Senators Dismiss Idea of 'Law of Expiration'

PY0906032095 Santiago EL MERCURIO in Spanish
2 Jun 95 p A16

[FBIS Translated Text] Valparaíso — Government and opposition senators agreed yesterday that now, after

having learned the court decision in the Letelier case, it is practically unfeasible to consider a law of expiration along the terms suggested by former Justice Minister Monica Madariaga.

This shared point of view is due to various reasons. Congressmen from the Coalition of Parties for Democracy [CPPD] did not agree to sponsor such a law. This is why the position upheld by the Socialists two years ago prevailed, in not allowing the approval of the so-called "Aylwin Law" that intended to hasten the definite filing of several lawsuits against Armed Forces members.

Rightist congressmen, however, accuse the government of being more concerned with activating processes that affect and implicate the Armed Forces.

Before thinking about a law of expiration, said Senate President Gabriel Valdes (DC) [Christian Democratic Party], we must first live through some stages. Everyone must make an effort toward reconciliation, which implies acknowledging that crimes were actually committed, and help find the bodies of the missing people.

Valdes said that he would promote a path to definite reconciliation, because "we cannot continue thinking in the past. I respect the feelings of the victims and their relatives, but countries must look to the future."

When told that in Argentina a Law of Expiration had been passed to end the trials and lawsuits against Armed Forces members for violating human rights, Valdes said that Chile cannot copy it, because in other countries human right violators were punished without a law of expiration.

"In Argentina, however, the law of expiration was passed after the military chiefs had been sentenced to prison. Here we are not asking for their imprisonment; we only want to know the truth and that it be admitted by everyone. It is a spiritual attitude we need, rather than juridical," Valdes said finally.

They Criticized the Armed Forces

Senator Bertran Urenda (UDI) [Independent Democratic Union] yesterday suggested that a legal initiative to definitively end the subject of human rights violations is necessary, especially if we take into account that "the press criticized the Armed Forces and sided with those who, from the left and through guerrillas, have disturbed the public order and attacked the public."

According to Urenda, some CPPD members are more concerned about activating lawsuits that somehow affect and implicate Armed Forces members, ignoring the value of the Amnesty Law, "which curiously enough has favored more leftist members than military."

He said that the subject of human rights violations during the military regime is "politically profitable" for some people, who from time to time "bring up problems that divide the Chilean people."

He concluded by saying that if the people were consulted about the subject, the majority would most probably favor putting an end to disagreements that lead to nothing.

It Is Not Necessary

In turn, CPPD Senator Francisco Javier Errazuriz said that a law of expiration is not necessary, because there already is an Amnesty Law that excluded only one case, which made the ruling in the Letelier case possible. "The Amnesty Law must be respected, not only in practice but in spirit, and those who intend to distort it by turning the knife in the wound to try to find those who were responsible for human rights violations, and who according to the Amnesty Law cannot be sentenced, are on the wrong path."

Senator Errazuriz said that it would not be appropriate to pass a law of expiration after an Amnesty Law because it would represent disregarding the Amnesty Law, "and I do not accept that, except if history were to be rewritten differently from what it really was. Those who lost the war are not entitled to attempt to rewrite history."

Skepticism

Senator Hernan Larrain [UDI] also expressed skepticism over a possible law of expiration, and recalled that two years ago the UDI gave President Aylwin its own proposal for pacification.

"We suggested different alternatives so as to find the best way for pacification, be it through a law or legal procedures. We even suggested granting the president powers and all kinds of resources that would allow him to solve the pending cases on this subject, and open a new page in the history of Chile with the purpose of reconciliation. Unfortunately, that initiative did not work out," Larrain said.

He said that nowadays he senses among many CPPD members the same attitude that frustrated the "Aylwin Law."

Equal Treatment

Senator Miguel Otero (RN) [National Renewal] suggested that if in the future the court ruled a stay of execution acknowledging the Amnesty Law, and acquitted members of the Armed Forces and forces of order, the CPPD politicians who are celebrating the Letelier case sentence should also accept the seriousness and impartiality of court, and not carry out a discrediting campaign

against it. Otero said that the Letelier sentence was issued by a court that must treat equally all those who committed similar crimes.

"In the case of terrorists, even if they were sentenced based on concrete evidence and not, as in this case, on circumstantial evidence or presumptions, Aylwin's administration pardoned them from completing their sentences under the supposition that they acted for political ideologies," said Otero.

He added that "in this case and other similar ones, it would be fair for the government to treat in the same manner those who wrongfully committed crimes to defend the national order and institutions. Most of the terrorist crimes were indiscriminate criminal attacks that harmed innocent victims."

He said that in all cases "the purpose does not justify the means" and thus the reason for the prison sentences. Real justice demands that the government give everyone the same treatment." [no opening quotation marks as published]

Senator Jaime Gazmuri (PS) [Socialist Party], member of the Defense Committee, said that he opposes a law of expiration, and recalled that there already exist serious restrictions to solving the problem of justice in Chile. Finally, he said, the Amnesty Law passed by the military regime is the prevailing reality and cannot be modified, recalling that the Socialist senators have a bill questioning that law.

Gazmuri said that it would be very serious and senseless to say that in order to build an atmosphere of national reconciliation it would be necessary to, for example, suspend the trials under way in the case of the three beheaded professors, or the investigation into the murder of Tucapel Jimenez.

He said that the courts must decide on their own, and therefore he does not share the idea of creating new laws.

Senator Gazmuri said that he was not aware that the Armed Forces were upset over the possible approval of a law of expiration.

"I heard about it as a suggestion from the mouths of rightist senators in the Senate halls, but I think it is an exaggerated idea."

'Democratic Institutions Must Be Improved'

PDC President Alejandro Foxley yesterday said that if Chile wants to attain reconciliation and normalcy after the Letelier court decision, the democratic institutions should be improved.

Foxley termed as unjustified the beliefs of opposition members who interpret the sentencing of General Manuel Contreras, retired, and Brigadier Pedro Espinoza as marking the beginning of an escalation of investigations into human rights violations. He said that there is no reason for not believing in the maturity with which this situation is being handled.

He said that nobody here is interested in a witch-hunt or in making vague threats or promoting an atmosphere of unrest in Chile, and that the CPPD was willing to make future gestures to demonstrate that the country is being built based on a spirit of national unity and reconciliation, in order to face the rest of the world as a mature country with full democracy.

The thing is that once and for all we must solve the Contreras and Espinoza problem. We must trust the judicial system and respect the law as it is, including the Amnesty Law. "This is the issue, and the rightists are just being excessively nervous," he said.

Editorial Favors Cuba's Reinstatement as OAS Member

PY0806132695 Santiago LA NACION in Spanish
7 Jun 95 p 7

[Editorial: "The OAS and Cuba's Return to the Fold"]

[FBIS Translated Text] The 25th OAS General Assembly is taking place in Port-au-Prince, and there are two aspects of it that have deep symbolic meaning.

The first aspect is that the meeting is being held in Haiti. OAS Secretary General Cesar Gaviria, and the entire continent, were pleased to see Jean Bertrand Aristide, the first democratic president of this nation, attend the opening ceremony. Thus, the presidents of the continent were able to eloquently convey their support for Haiti's emerging democracy.

The second meaningful aspect is that the meeting started off with Gaviria's call for ways and means of returning Cuba to the fold of the OAS, even though the issue was not on the agenda. Cuba was expelled from the OAS in 1962, when Castro's regime aligned with the USSR and Venezuela accused it of promoting guerrilla warfare in its territory.

The Cold War is now over, which is why Gaviria has called upon OAS members to forsake "extreme all-or-nothing positions." In his speech, Gaviria said: "Shouldn't we start thinking some time soon about the best way to play a constructive role in the quest for greater political and economic freedom in Cuba, and to bring it back into the fold of this Inter-American organization?" Although he did not ask for Cuba to be

immediately reinstated as a member of the OAS, he did say that the time to decide on this matter will come.

The foreign ministers have reacted favorably to Gaviria's call. The main objections came from the United States. Assistant Secretary of State Alexander Watson said he will support Cuba's return to the fold provided that country makes political reforms. In any case, he praised the fact that Fidel Castro's government recently released six political prisoners and did not compel them to leave the country.

The core of the matter is whether democratic changes should be viewed as a requirement for Cuba's return to the fold of the OAS, or whether there is room for approaching the issue the other way around, in other words, to act on the premise that Cuba's reinstatement will expedite the democratization of the island.

The OAS can undoubtedly play a positive role in encouraging changes in Cuba by promoting democratic values and defending human rights. This brings up the question of whether there is any point in continuing enforcement of measures such as the U.S. economic embargo, which has proven to be completely counterproductive as far as bringing about changes goes. In the final analysis, multilateral relations, interaction, and dialogue have the best chance of helping overcome old clichés and encouraging Cuba along the democratic path.

Survey Shows Slight Income Improvement

95SM0349A Santiago *EL MERCURIO* in Spanish
4 May 95 p B3

[FBIS Translated Text] The 1990-93 Supplemental Survey of Household and Individual Income reveals a slight improvement in income distribution overall, with the middle income group's share improving somewhat, while the poorest 20 percent of the population remains at practically the same level.

The director of the INE [National Statistics Institute], Alexis Guardia, described for *ECONOMY AND BUSINESS* the results of analyses of this survey when combined with the Central Bank's National Accounts.

The survey's results indicate that in 1993, in relation to 1990, households' shares of total income, according to decile group—the total population divided into 10 groups—remained at two percent for the first decile and rose from 3.1 percent to 3.2 percent in the second. It increased from 3.9 percent to four percent for the third decile, from 4.7 to 4.9 percent in the fourth, and from 5.5 percent to 5.8 percent in the fifth group.

The percentage remained at 6.5 percent in the sixth decile and rose from 7.4 to 7.9 percent in the seventh;

from 9.6 percent to 10.2 percent in the eighth; and from 13.5 percent to 13.8 percent in the ninth decile.

For the wealthiest 10 percent, this percentage declined from 43.8 percent to 41.8 percent.

Guardia noted that while the poorest groups remained at the same level in terms of their share of the nation's total income, this does not mean they did not benefit from growth, as there is a "general rising effect" from which they benefit.

In comparison with the 1970's and 1980's when income was more concentrated, during the first four years of the 1990's a slight weakening of this trend can be observed, especially in the first two years, when the minimum wage was increased and the tax reform was introduced.

However, he said that the question is whether this slight redistribution will be maintained until the end of the decade or if it will stay at the present level, since the former conditions no longer prevail. He also noted that income distribution is corrected gradually, and it is in the mid and long term, on the order of five years and more, that results can be seen, not every year.

Working with the equity coefficient the World Bank uses (the Gini Inequality Index) which reflects the relation between the lowest 40 percent and the highest 10 percent, Chile's index in 1978 was 0.41, declining to 0.32 in 1988 and then rising to 0.34 and 0.38, respectively, in 1990 and 1993.

In 1993, the lowest 40 percent of the population had 15.1 percent of the nation's total income; the middle 40 percent had 31 percent; and the wealthiest 10 percent had 40.2 percent of the total income.

With an equity index of 0.38, Chile is much lower than Sweden (1.02); Japan (0.98); Germany (0.83); Spain (0.79); the United States (0.63); Hong Kong (0.52); Singapore (0.45); Malaysia (0.40); and Venezuela (0.43). Chile's index is higher than Mexico's (0.33) and Brazil's (0.14).

"We are far from having the income distribution appropriate for a modern economy," said Guardia.

Education

One analysis made of the survey's results reveals that taking into account the head of household's education, those with a university education have a 42.1 percent probability of belonging to the wealthiest decile; according to the INE director, this reveals how concentrated knowledge and education are in Chile.

A circle is created, in which people with the highest income have the best chances of having a university

education and strong possibilities of belonging to the wealthiest group.

The same is not true for heads of households with secondary and middle school educations, since they are found in very similar proportions in all deciles. In the poorest first and second deciles they represent 9.2 and 10.9 percent, respectively, of the heads of households, and in the ninth and 10th deciles, 10.2 and 8.5 percent, respectively. In Chile, having a secondary education is no guarantee of belonging to the highest income groups, he added.

In his opinion, this shows that, apart from the problems of quality in education, which are being much discussed now, there is also a problem with the depth of Chile's educational system, or creating opportunities for professional and technical careers that are not necessarily university-based, as Germany has done.

He said that improved quality in education for a better position in the marketplace is only one factor, and it must be accompanied by technological innovation projects in business and future investments in this field.

Problems With AFP Membership Described

95SSM0349B Santiago LA NACION in Spanish
7 May 95 p 23

[Article by C. Paz Rodriguez including an interview with Pedro Aguirre Charlin; place and date not given]

[FBIS Translated Text] Right now it is a routine matter, as a favor for a friend who is a sales agent or executive for a pension fund management company, to change an AFP [Pension Fund Management Company] for six months and then go back to the original company.

There is no lack of opportunities: today there are 14,800 AFP agents or salespersons whose goal is to take members away from the competition to swell the portfolio of their own clients.

The salesperson's method is extremely well known: he starts with relatives, then close friends, and later people whose telephone number he—unfortunately—knows. When this list dries up there is the job of "cold calling" possible clients, for which he visits businesses, consults professional listings, and lists of graduates of some schools, etc.

The result? Last year this monumental sales force caused no fewer than 981,822 persons to change their AFP. This is 33 percent of the total of active members who form the captive market of those affiliated with pension management companies.

These figures, so bright for some, do have a dark side: marketing costs have visibly raised the AFP costs, which

in the end translates into reduced profits received by each member. This is as true for a member who moves frequently as for the member who practices fidelity and remains impassive to invitations to change companies.

In this context, Pedro Aguirre Charlin, general manager of Fomento Financiera [Financial Promotion], an AFP consulting firm, clearly describes the serious aspect of this phenomenon. He calculates that as internal transfers within the system are roughly almost 1 million, if the average taxable monthly income were 100,000, this would produce a sales volume for AFP of the same magnitude. [currency not specified]

As the AFP pay their salespeople a commission for client transfers—which varies between seven and 12 percent of the member's taxable income—if a 10 percent commission is used as a reference, then the system pays its salespeople about 10 billion [currency not specified] a year for these transfers. Stated in dollars, this cost comes to a total of US \$26 million.

[Paz Rodriguez] What does this mean for each of the members, especially for those who do not change their AFP?

[Aguirre Charlin] The problem is that all the members, no matter whether or not they have changed their AFP, are paying with their fees the increased administration costs of the AFP.

One solution might be to create an economic incentive for those who stay with one company, for in the end this is the group of people that is primarily hurt by this phenomenon of transfers.

[Paz Rodriguez] But what comes first: the sales force that promotes the change or the existence of such an attractive market?

[Aguirre Charlin] An AFP is worth more the larger its membership. So the 21 management companies fight fiercely to win for themselves between 25 to 40 percent of the members rejected for reasons of an administrative order. Every year about 33 percent of the members leave the system. The system also has a 45 percent rate of payments in arrears—members who do not make their payments. This explains the mad race to pick up clients.

[Rodriguez] Through salespeople, naturally....

[Aguirre Charlin] Well, memberships have to be sufficient to compensate for rejects and those who leave. The strategy of most of the AFP has been to maintain a membership level that lets them increase the number of fee-paying members, thus making up for rejects and payments in arrears. The logic would appear to be that

the larger the sales staff, the larger the number of memberships, and so the larger the number of fee-paying members.

This has meant an increase in the sales force to nearly 15,000 salespersons, which has increased internal transfers from one AFP to another. And in the majority of cases, these transfers stimulated by the sales force have no objective reason justifying this change.

[Rodriguez] Mergers and sales are the order of the day. Is this concentration of business good?

[Aguirre Charlin] It could be dangerous because of the amount of money the AFP's will be handling from now on. It will be easier for pension fund managers to bring the national economy to its knees.

In Aguirre's opinion, the AFP's that are for sale are due to a commercial problem and their lack of appeal to associations that have not realized the economic value they constitute as a market. When there is a limited and captive market, the economically most powerful are the ones left. But this is an old story. Why should the AFP be any different?

Water Privatization Views Outlined

95SM0349C Santiago EL MERCURIO in Spanish
10 May 95 pp A1, A11

[FBIS Translated Excerpt] The lack of agreement in the coalition about the privatization of sanitation services became apparent yesterday after President Eduardo Frei signed three bills on this matter and announced the government's intention to transfer 65 percent of the ownership of these companies to the private sector.

The Socialist and Radical Socialist Democratic Parties oppose privatizing the sanitation services by that percentage, and a broad segment of Christian Democracy may also oppose this transfer.

The only group in the coalition which might back that degree of private sector participation might be the Party for Democracy, whose president, Deputy Jorge Schaulsohn, has supported investing private capital in the expansion and upgrading of the water supply and sewage systems from the start.

There are different positions in DC [Christian Democracy], although its top leader, Alejandro Foxley, has expressed the need for private capital in the sanitation sector, so long as suitable regulations and matters related to water rights are agreed upon in advance. Both of these issues are contained in the government's bills.

In the government coalition there is pessimism about the regulatory framework proposed by the executive, as it is believed that it will be rejected by the opposition,

and the transfer of ownership could be approved without regulation.

In the center right, though, the president of National Renewal, Deputy Andres Allamand, felt that submitting the bill to Congress is a positive move, and that it recognizes the driving role of the private sector in that area.

He supported the workers' participation in ownership, but urged as a precaution that discussions on the regulatory framework be kept on a technical level and not allowed to drift into politics.

The policy prepared by the executive for the sanitation sector—which includes a series of regulatory standards for companies working in this area—ownership of 65 percent of which may be transferred to private companies, is contained in three bills that President Eduardo Frei signed yesterday.

The bills will be given urgent handling in the Chamber of Deputies.

The regulation proposed by the executive seeks to ensure the mandatory nature of these services, to regulate rates to avoid excessive charges, and to increase the oversight powers of the respective superintendent's office.

After the bills have been approved by Congress, private resources may be included in order to carry out the coverage and investment plans that have been drafted.

The state will keep in its possession 35 percent of the ownership of all companies, including Emos and Esval—which at the present time may be alienated in their totality—in order to exercise veto rights on boards of directors and to make it possible for the workers of these companies to acquire part of the shares by obtaining access to credit for that purpose.

Pessimism About Regulation

Despite divergent positions on the government proposal, the PPD [Party for Democracy] and the PS [Socialist Party] agreed yesterday that it is highly probable that the opposition will reject the regulatory framework contained in the executive's bill.

As Senator Sergio Bitar (PPD) and the secretary general of the PS, Gonzalo Martner, said, the right does not want any regulatory framework for the water supply and sewage systems.

For that reason, they believe that the regulation and oversight provisions proposed by the government in the bill are already a dead issue.

It was also stated that there is no doubt that debates on the bill in Congress will arouse problems and "bickering" in the coalition, as Senator Sergio Bitar said. He supports privatization.

The PS, though, through its secretary general, Gonzalo Martner, said that the parliamentarians will vote against the article that raises from 49 to 65 percent the presence of the private sector in these companies. However, the PS will approve the idea of legislating, said Martner.

Minister of the Interior Carlos Figueroa personally agreed on Monday at the PS headquarters to officially inform the PS president, Deputy Camilo Escalona, of the government's decision to privatize up to 65 percent of the companies providing sanitation services, and of the sending of this bill to parliament.

Figueroa also attended the National Council of the PDC [Christian Democratic Party] last Monday with the same objective, while the president of the PRSD [Radical Socialist Democratic Party], Senator Anselmo Sule, was told of the measure by telephone.

The PPD, through its former president, Sergio Bitar, said that the regulatory framework proposed by the government is intended to regulate rates and the quality of services, and also to ensure that these rates will be subsidized for the poorest sectors.

Regulatory Framework

He also said that there will be no transfer of shares to the private sector unless the regulatory framework is first approved.

About the possibility that parties in the coalition may vote with the opposition in order to approve this bill if the PS continues its opposition, Bitar said: "We will not change a single socialist vote for 10 RN [National Renewal] votes." If that should happen, he felt that would mean the failure of the government coalition.

In the PS, Gonzalo Martner, after stating that yesterday the PS board of directors reiterated its opposition to privatization, said that for the socialists, this sector is a natural monopoly, and its privatization may work against consumers' interests. He also spoke of the danger that a concentration of power might occur in the energy and electrical sectors, given the magnitude of the economic investment that the sanitation sector requires.

Finally, he said that the PS fears that the right may reject the regulatory framework in Congress and that privatization could take place without the regulation of rates and of the quality of services.

The Radical Socialist Democratic Party reiterated its opposition to the government measure, and its vice president, Sergio Carrasco, said that his party opposes privatization of both management and ownership in areas providing basic services and which are natural monopolies.

There was, however, agreement about injecting private capital in waste water treatment facilities.

Warning of Danger

Carrasco said that privatization may endanger good public service, for in practice the private sector has demonstrated that it is always going to place its economic interests above social interests.

However, DC's Senator Adolfo Zaldívar fully backed President Frei's decision to begin the process of privatizing the sanitation companies, saying that in the end it does not matter who owns these companies, but what does matter is that they really meet the needs of the entire population.

He emphasized that what is important is, as President Frei said, that by the end of his term in office all Chileans will have access to clean drinking water and to sewage services.

He indicated that the process will be gradual; in his view, this will allow a suitable evaluation of the process.

He also supported limits to avoid a concentration of ownership, to improve the oversight systems for these companies, and the fact that the state will retain 35 percent of the ownership of the companies that are to be privatized.

The senator confirmed that in his party, DC, opinions on the issue are divided, and he pointed out that those positions are legitimate. [passage omitted]

In recent days, President Frei has defended the need to bring the private sector into this area, as an investment of \$1.85 billion is needed.

According to the programs proposed by the government, \$920 million is needed for the sewage and water supply systems in the next six years, and also in the same period, \$434 is needed for waste water treatment. The latter figure may have to be increased.

The activity of the sanitation services was conducted by the state in a centralized manner through the Ministry of Public Works, and just five years ago it began to be carried out through state enterprises operating under Corfo [Production Development Corporation], one in each region. [passage omitted]

Colombia**Samper Reacts To U.S. Congress Measure on Drug Trafficking***PA0906040095 Mexico City NOTIMEX in Spanish
2214 GMT 8 Jun 95*

[FBIS Translated Text] Santa Fe de Bogota, 8 Jun (NOTIMEX) — Colombian President Ernesto Samper today said his government will unconditionally eradicate all illegal drug crops in the country.

Referring to an amendment approved by the U.S. Congress, Samper said: "I have asserted over and over again that Colombia, with or without certification, has a sovereign and independent policy of combating the crime of drug trafficking."

The U.S. Senate's Foreign Relations Commission recommended that, at the time of issuing a new certification, President Bill Clinton take into consideration Colombia's progress in the fight against drug trafficking.

The U.S. Congress made reference to a judicial system reform under which drug capos will be dealt harsh penalties and Colombia will destroy close to 37,000 hectares planted with coca and poppy, pledging to conclude this operation no later than February 1996.

"I am certain my government is fulfilling the goals established on 7 August 1994, when I assumed office," Samper said.

According to the U.S. amendment, Colombia could be penalized with the suspension of aid and the elimination of trade preferences if no progress in these areas is evident.

Regarding the legislation approved by the U.S. Senate, Colombian Ambassador to Washington Carlos Lleras de la Fuente said: "Our country has established and expects to meet very ambitious goals in this area." Lleras, however, added that for foreign aid purposes Colombia should be assessed by the same criteria applied to other drug producing countries.

Ecuador**President Unilaterally Reopens Border With Peru***PA0806181095 Quito Voz de los Andes in Spanish
1700 GMT 8 Jun 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] President Sixto Duran-Ballen yesterday ordered the reopening of the commercial border with Peru.

The border, which includes the Ecuadoran community of Huaquillas, with a population of over 40,000, was

closed by the government in January in light of the military conflict with Peru, which also decided to close its side of the border.

A few days ago it was reported that the Fujimori administration was planning to build a 3-km wall along the border.

National Congress Deputy Franco Romero announced that the Armed Forces Joint Chief of Staff Command ordered the authorities of the province of El Oro to proceed early today to the international bridge separating the countries and to prepare all military and police forces stationed in Huaquillas for the unilateral reopening of the border.

Police Close Border; Explanation Sought*PA0906011095 Quito Voz de los Andes in Spanish
2300 GMT 8 Jun 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] It has been reported from Huaquillas that the border was not opened today because no official government order was issued. According to Chamber of Commerce President Angel Jumbo, a meeting among businessmen will be held within the next few hours to implement measures to help people living along the border.

Earlier today, Huaquillas Chamber of Commerce leaders, merchants, and the general public rallied at the International Bridge linking Ecuador and Peru, holding a special ceremony to mark the resumption of trade between the two countries. The ceremony was attended by the local Border Police. Once the brief ceremony concluded, however, Police Lieutenant Colonel German Brito, commander of the Huaquillas Garrison, ordered the border be closed again, because no official order had been received to reopen the bridge.

Upon learning of the decision, businessmen and merchants met at the Chamber of Commerce and sent faxes to the Government Ministry and to the Office of the President, requesting an explanation.

As of now, the border is again closed, but merchants continue to exchange products across the international zone just 200 meters from the closed border bridge. The reports about the opening and subsequent closing of the commercial border engendered expectations and skepticism. Moreover, local authorities are at a complete loss to explain the absence of an official order to resume commercial activities. The border was opened for one hour this morning, but it will remain closed as long as the Presidency and the Government Ministry fail to issue a proper order.

**No Agreement Reached With Peru on
Demilitarized Areas**

PA0806183395 Quito Voz de los Andes in Spanish
1700 GMT 8 Jun 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuador and Peru have not yet reached an agreement on the areas to be demilitarized at the Amazon border, where they waged an undeclared war between 26 January and 28 February of this year.

The Ecuadoran National Security Council said in Quito that negotiations on the area to be demilitarized continue, according to a communique issued by the Foreign Ministry.

The Ecuador-Peru Multinational Observation Mission, Momep, made up of the guarantor countries of the Rio de Janeiro Protocol, presented in May a proposal on the areas to be demilitarized.

Peru approved the first Momep proposal, but Ecuador disagreed and on 30 May presented a counterproposal. The country is still awaiting a response to the counterproposal.

According to the Foreign Ministry communique, the Security Council is also studying the duties and activities to be conducted by the Momep in its second 90-day phase, which will begin today and coincides with the replacement of its coordinator, Division General Candido Vargas de Freire, by his colleague Francisco Pamplona from the Brazilian Army.

**President Swears In New Communications
Secretary**

PA0406043895 Quito Voz de los Andes in Spanish
2300 GMT 2 Jun 95

[Report by Fausto Pena from "The Voz Andes Newscast"]

[FBIS Translated Text] President Sixto Duran-Ballen has sworn in new Communications Secretary Marcelo Landivar, who stressed the significant role the media have played.

[Begin Landivar recording] My convictions are stronger than my fears. I am a social communicator, not only because of my academic studies, but also because of my ancestry. My family has been in this field for more than 100 years. I believe that well-informed people are a right that all states share. We need the Ecuadoran people to be well informed. However, the state and all sources must provide this information, because well-informed people are more educated people and because well-informed people are people who can hold talks, understand matters, and not be silenced.

However, the task of the Communications Secretariat cannot be carried out without the cooperation of the media. Every day, I am more convinced of the message of [name indistinct], who said the means is the message. At the beginning, I could understand the idea, but now I do. If news is generated anywhere, it is you, the media, that takes it and makes it into a different message. Therefore, Marcelo Landivar is not the one asking for your cooperation; it is the country. We must keep this country well informed. [end recording]

One of the first activities the new communication secretary will carry out is a revision of how the secretariat will work to determine the correct and necessary steps that must be taken to inform the Ecuadoran people.

Paraguay

**Foreign Minister: Inclusion on U.S. Black List
'Unfair'**

PY0806124795 Asuncion NOTICIAS in Spanish
7 Jun 95 p 12

[FBIS Translated Text] Foreign Minister Luis Maria Ramirez Boettner has described as unfair the U.S. State Department decision to include our country on a black list of countries that do not firmly support drug enforcement.

Ramirez Boettner made this remark during the 25th Regular OAS General Assembly in Haiti.

The Paraguayan foreign minister said: "We believe the U.S. rating of our drug enforcement efforts is very unfair."

Ramirez Boettner added: "We have therefore protested with indignation. Nevertheless, we will continue to pursue our all-out drug enforcement efforts, even if they are not acknowledged and we do not receive any foreign assistance."

During his speech to the OAS General Assembly, Ramirez Boettner pointed out that President Wasmosy's struggle against corruption in our country should result in better credibility for the national government among the group of democratic nations.

Ramirez Boettner noted: "The actions by President Wasmosy show how this old evil is being fought and how corrupt people are being punished."

The foreign minister also discussed our government's pacifist policy, as demonstrated by the Paraguayan Government's firm support for efforts toward peace between Ecuador and Peru, which recently engaged in a war over border issues.

Ramirez Boettner finally noted that the government is irrevocably committed to respect for human rights in Paraguay.

Peru

Ecuadoran Border 'Not Reopened' to Commercial Trade

PY0806220095 Lima Radio Programas del Peru Network in Spanish 1700 GMT 8 Jun 95

[All names rendered phonetically]

[FBIS Translated Text] [Announcer] Ecuador has not reopened its commercial border with Peru. The Ecuadoran-Peruvian commercial borders were closed unilaterally 132 days ago.

At least 15 Peruvians crossed the international bridge convinced that the commercial border would be reopened, as had been announced by the Ecuadoran Government.

Peruvian businessmen have expressed their concern over the existence of mines in the Huaquillas region. Zarumilla Business Chamber President Carlos Otiniano has charged that small-scale smuggling has increased in the northern border, while Tumbes Business Chamber President Jorge Espinoza added that it is impossible to control small-scale smuggling on the northern border.

The Ecuadoran-Peruvian commercial border was supposed to reopen today. We will now interview Cesar Ferreto, the Tumbes customs office chief, on what the current situation is in the area, and whether there was a lot of activity. We want him to inform us about developments in the area, because both Ecuadoran and Peruvian businessmen are quite concerned in view of a sharp drop in sales.

Good afternoon, Mr. Farreto.

[Farreto] Good afternoon.

[Announcer] Can you tell us about the activity in the area, and whether the situation has been normalized?

[Farreto] Early this morning I was at the international bridge where I saw many people, both Peruvians and Ecuadorans. It was only a large group of people trying to show that the border had been reopened. Right now the police have established a cordon on the Peruvian side. The situation remains unchanged, that is, the status quo is the same. There has been no kind of business transaction, either among people or in merchandise. This means that the situation remains just as it was two months ago.

[Announcer] Has this situation encouraged small-scale smuggling activities?

[Farreto] In view of the closure of the border, we have increased repression. We are currently conducting joint antismuggling operations together with the Armed Forces, the police, and Interior Ministry officials. As a result of these operations we have seized a large amount of perishable goods, which have been donated to nonprofit organizations.

[Announcer] In your contact with local residents, have you heard whether mines have been withdrawn from the area?

[Farreto] I haven't heard anything about this.

[Announcer] Thank you very much, and we hope the situation is normalized, but of course this will not be achieved overnight. It will take a few days, right?

[Farreto] That is correct, I hope that in a couple of days it will be resolved. We are only awaiting orders from our superiors.

[Announcer] Thank you very much. That was Cesar Farreto. We will now contact Rosario Rodriguez, who will report on the situation in Tumbes, where she lives. Good afternoon, Rosario.

[Rodriguez] Good afternoon.

[Announcer] What is the situation there, Rosario?

[Rodriguez] This is a relay from Aguas Verdes. We are located a few meters from the international bridge. We want to report that right now the Aguas Verdes population is uncertain as to whether commercial activities with Ecuador have resumed.

The local population is uncertain because the unilateral measure to reopen the border adopted by Huaquillas businessmen, headed by Angel Humbo, the president of the Huaquillas Business Chamber, did not work. According to Colonel German Brito, the Huaquillas district police chief, this was not possible because the Ecuadoran Government has not issued an official authorization. Brito severely criticized Angel Humbo for adopting an irresponsible attitude regarding such a delicate issue.

Furthermore, Zarumilla authorities, such as the provincial attorney and the national police, are negotiating the release of about 15 Peruvians who were arrested this morning at the same time that the ceremony to reportedly reopen the border was being held on the Ecuadoran side.

Here with us is the Aguas Verdes deputy mayor, Walter Yantov, who will inform us about the mines situation. What can you tell us about the mines, placed throughout the international canal, that have not yet been

deactivated on the Ecuadoran side? Good afternoon, Mr. Yantov.

[Yantov] Good afternoon, Rosario. I believe that there is an agreement establishing that troops will be demobilized along the border. Ecuadorans may also withdraw the mines. Just about 15 or 20 days ago some Ecuadorans were killed while they were deactivating their own mines.

[Rodriguez] Does this mean that the mines have not yet been deactivated?

[Yantov] No, they are still deactivating them.

[Rodriguez] Which means the people are in real danger?

[Yantov] Quite so. Right now, the Ecuadorans are deactivating the mines in Huaquillas.

[Rodriguez] What can you inform us about the meeting that is supposed to be held this afternoon at 1600?

[Yantov] We have no information about this meeting. We have no official information about it.

[Rodriguez] We will be alert about the holding of this meeting, which has been summoned by the Aguas Verdes wholesale and retail businessmen's association. There is no official report about it, however.

We will report any further developments on this meeting and any agreements that might be achieved at this meeting. [end relay]

Fujimori Considers Country's Democracy 'Unique'
PY0806164795 Madrid EFE in Spanish
1029 GMT 8 Jun 95

[FBIS Translated Text] Madrid, 8 Jun (EFE) — Peruvian President Alberto Fujimori, who was reelected with 64.42 percent of the votes in the general elections held in April 1995, considers democracy in his country to be "a little unique."

In remarks to the [Spanish] radio network SER, Fujimori said today, 8 June, that Peru's democracy "is different by the sovereign decision of the people, because political parties have essentially been weakened, and independent movements are prevailing."

"It is 'unique' in this sense, but it is democracy because the people have chosen this system," he said.

According to Fujimori, the recent elections, held on 9 April 1995, have brought about a radical change in the authoritarian and dictatorial image his government has had.

Concerning the antiterrorist fight, he expressed hope that within a few months the armed Shining Path group will

be fully defeated. "We are having success in the arrests, and in an increasingly more effective manner," he said.

Fujimori expressed his concern about the production and marketing of cocaine and demanded close international cooperation: "Peru is the greatest exporter of coca, but in Europe and the United States we have large zones of consumers who are the ones who demand this substance."

He added: "This creates very serious situations, including those of a macroeconomic nature, because with the flow of 'narco-dollars,' the exchange rate does not acquire its true parity."

Regarding relations with his wife, Susana Higuchi, he said that "something unexpected happened; she expressed her electoral aspirations suddenly, and as a result of that, a number of conflicts emerged that led to the separation. From August 1994 to this date, we have been separated, and this situation will continue," he noted.

The Peruvian president said that the corruption charges brought by Susana Higuchi "are unfounded, and have not been proven. She has lost credibility, and everyone here, most citizens, have confidence in the government and in the anticorruption fight, the corruption she had often reported."

In conclusion, Fujimori termed "normal" his relations with Spanish Prime Minister Felipe Gonzalez.

He added, however, that "with investors we have a terrific relationship. Spain is the greatest investor in Peru, even more than the United States and Canada. Furthermore, from the viewpoint of relations between peoples, Spanish tourism here is at peak levels."

Venezuela

Justice, Defense Ministers Comment on DEA Report

PA0806202495 Caracas EL GLOBO in Spanish
8 Jun 95 p 2

[FBIS Translated Text] Justice Minister Ruben Creixems and Foreign Minister Miguel Burelli Rivas have admitted that Venezuela has been used as a bridge for drug trafficking, as the DEA claimed.

Creixems, however, rejected the part of a DEA report which states that 30 percent of drug trafficking is taking place in our country.

This 30-percent figure on the money and drug trafficking going through Venezuela is very difficult to define because in this crime, actual figures are large and

very difficult to estimate. Seized amounts are always significantly less than the amount being trafficked or laundered. Thus it has never been possible to establish accurate figures.

He added that "I agree with the part of the DEA report which states that Venezuela has traditionally been used for drug trafficking and, to a certain extent, for money laundering. It is, however, important to emphasize that Venezuela has shown strong determination in fighting drugs, which has been reflected by recent major seizures."

He also denied that Colombia is transferring the drug-trafficking industry to Venezuela, because "so far only small plantations have been discovered and eradicated, especially in the Perija area. No drug laboratories have been detected, which shows that Venezuela has only served as a bridge, not as a producer."

As for the links between Margarita casino businessmen and the Cali Cartel, among other charges, he preferred

to "analyze them responsibly" before expressing an opinion.

Foreign Minister Miguel Angel Burelli Rivas said "we suspected" that Venezuela has been used as an important bridge for drug trafficking."

We are a country with excellent communications, and we were bound to become a corridor for drugs at one time or another. There could be some basis for the DEA report.

Finally, he commented that there was a discussion of "a lengthy paragraph on Venezuela's draft on corruption" at the OAS on 6 June. This draft includes bribery and money laundering.

Burelli also said he plans to retire ambassadors with 30 or more years of service. The vacancies will be filled after this process has been completed.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 362
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.